

JPRS 74418

22 October 1979

# East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 1945



FOREIGN BROADCAST INFORMATION SERVICE

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Mansfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

<b>REPORT DOCUMENTATION PAGE</b>		1. REPORT NO. JPRS 74418	2.	3. Recipient's Accession No.																		
4. Title and Subtitle EAST EUROPE REPORT: ECONOMIC AND INDUSTRIAL AFFAIRS, No. 1945			5. Report Date 22 October 1979																			
7. Author(s)			6.																			
9. Performing Organization Name and Address Joint Publications Research Service 1000 North Glebe Road Arlington, Virginia 22201			8. Performing Organization Report No.																			
10. Project/Task/Work Unit No.			11. Contract(C) or Grant(G) No. (C) (G)																			
12. Sponsoring Organization Name and Address  As above			13. Type of Report & Period Covered																			
15. Supplementary Notes			14.																			
16. Abstract (Limit 200 words)  This serial report contains information on economic theory, organization, planning and management; major agreements on and development of trade within CEMA and outside the Bloc; articles on all aspects of the materials, services, machine, electronics, and precision equipment industries; and concepts and attainments in agriculture, forestry, and the food industry.																						
17. Document Analysis a. Descriptors  <table border="0"> <tr> <td><input checked="" type="checkbox"/> International Affairs</td> <td>Economics</td> </tr> <tr> <td><input checked="" type="checkbox"/> Albania</td> <td>Technological</td> </tr> <tr> <td><input checked="" type="checkbox"/> Bulgaria</td> <td>Agriculture</td> </tr> <tr> <td><input checked="" type="checkbox"/> Czechoslovakia</td> <td></td> </tr> <tr> <td><input checked="" type="checkbox"/> German Democratic Republic</td> <td></td> </tr> <tr> <td><input checked="" type="checkbox"/> Hungary</td> <td></td> </tr> <tr> <td><input checked="" type="checkbox"/> Poland</td> <td></td> </tr> <tr> <td><input checked="" type="checkbox"/> Romania</td> <td></td> </tr> <tr> <td><input checked="" type="checkbox"/> Yugoslavia</td> <td></td> </tr> </table>					<input checked="" type="checkbox"/> International Affairs	Economics	<input checked="" type="checkbox"/> Albania	Technological	<input checked="" type="checkbox"/> Bulgaria	Agriculture	<input checked="" type="checkbox"/> Czechoslovakia		<input checked="" type="checkbox"/> German Democratic Republic		<input checked="" type="checkbox"/> Hungary		<input checked="" type="checkbox"/> Poland		<input checked="" type="checkbox"/> Romania		<input checked="" type="checkbox"/> Yugoslavia	
<input checked="" type="checkbox"/> International Affairs	Economics																					
<input checked="" type="checkbox"/> Albania	Technological																					
<input checked="" type="checkbox"/> Bulgaria	Agriculture																					
<input checked="" type="checkbox"/> Czechoslovakia																						
<input checked="" type="checkbox"/> German Democratic Republic																						
<input checked="" type="checkbox"/> Hungary																						
<input checked="" type="checkbox"/> Poland																						
<input checked="" type="checkbox"/> Romania																						
<input checked="" type="checkbox"/> Yugoslavia																						
b. Identifiers/Open Ended Terms																						
c. COSATI Field/Group 5C, 13I																						
18. Availability Statement Unlimited Availability Sold by NTIS Springfield, Virginia 22161		19. Security Class (This Report) UNCLASSIFIED		21. No. of Pages 70																		
		20. Security Class (This Page) UNCLASSIFIED		22. Price																		

EAST EUROPE REPORT  
ECONOMIC AND INDUSTRIAL AFFAIRS

No. 1945

CONTENTS	PAGE
INTERNATIONAL AFFAIRS	
Yugoslav-Romanian Trade Protocol, 1978 (MEDJUNARODNI UGOVORI, 27 Aug 79).....	1
Poles, Czechs Question Odra Barge System Future (Franciszek Gronowski Interview; KURIER SZCZECINSKI, 31 Aug 79).....	9
ALBANIA	
Ministries Blamed for Lack of Contractual Discipline (Editorial; ZERI I POPULLIT, 10 Aug 79).....	13
CZECHOSLOVAKIA	
CSSR-Arab Foreign Trade Relations Reviewed (Josef Koci; REVUE OBCHODU/PRUMYSLU/HOSPODARSTVI, No 6, 1979).....	17
West Slovak Party Secretary Evaluates Agriculture (Ignac Janak; RUDE PRAVO, 13 Sep 79).....	25
GERMAN DEMOCRATIC REPUBLIC	
Greater Planning of Combine By-Products Urged (Hans-Joachim Donnert; DIE WIRTSCHAFT, 6 Sep 79).....	30



# CONTENTS (Continued)

Page

## HUNGARY

Huszar Discusses Modernization of Industrial Structure (Istvan Huszar; FIGYELO, 12 Sep 79).....	34
Developments in Labor Situation Discussed (Jozsef Laczo; FIGYELO, 19 Sep 79).....	42
Manpower Reduction Measures at Bakony Bauxite Mine Described (Peter Toke; HETI VILAGGAZDASAG, 1 Sep 79).....	47

## POLAND

Effect of Production Costs on Prices Explained (Stanislaw Chelstowski; KURIER SZCZECINSKI, 10 Sep 79).....	51
Truck Export Market, Production Plans Viewed (Jan Dalgiewicz Interview; GAZETA ROBOTNICZA, 22 Aug 79).....	55

## ROMANIA

Fuel Economy in Combined Electric Power, Heat Production (Nicolae Niculescu, et al.; REVISTA ECONOMICA, 13 Jul 79).....	60
---	----

## YUGOSLAVIA

Data on Money Supply for First Eight Months (R. Vuksanovic; PRIVREDNI PREGLED, 12 Sep 79).....	66
---	----

YUGOSLAV-ROMANIAN TRADE PROTOCOL, 1978

Belgrade MEDJUNARODNI UGOVORI (SLUZHBI LIST SFRJ supplement) in Serbo-Croatian No 10, 27 Aug 79 pp 746-749

[Trade protocol between Yugoslavia and Romania for 1978 signed in Belgrade 19 November 1977]

[Text] The Government of the Socialist Federal Republic of Yugoslavia and the Government of the Socialist Republic of Romania, pursuant to the provisions of the Agreement on Commodity Trade and Payments Between the Socialist Federal Republic of Yugoslavia and the Socialist Republic of Romania for the Period From 1976 to 1980 and for the sake of further expansion of economic relations between their two countries, have agreed on the following:

Article 1

Goods shall be delivered between the Socialist Federal Republic of Yugoslavia and the Socialist Republic of Romania on the basis of quota lists A/1978 concerning exports from the Socialist Federal Republic of Yugoslavia to the Socialist Republic of Romania, and B/1978 concerning exports from the Socialist Republic of Romania to the Socialist Federal Republic of Yugoslavia, which are appended to this protocol.

Lists A/1978 and B/1978 shall constitute an integral part of this protocol.

Article 2

The commodity lists given in Article 1 have indicative significance.

Organizations of associated labor from the Socialist Federal Republic of Yugoslavia and export-import organizations of the Socialist Republic of Romania, within the limits of the quotas envisaged in the lists A/1978 and B/1978 shall conclude contracts on mutual deliveries of goods.

Goods not given in the lists A/1978 and B/1978 may also be the subject of mutual deliveries.

### Article 3

For the sake of continuing commodity trade and in accordance with national regulations in effect, the parties to this agreement shall facilitate the conclusion of transactions between interested organizations of associated labor of the Socialist Federal Republic of Yugoslavia and export-import organizations of the Socialist Republic of Romania involving commodities not on the commodity lists appended to this protocol and involving quantities beyond those given for commodities on the lists.

### Article 4

The basis for establishing the price of goods which will be delivered under this protocol between organizations of associated labor of the Socialist Federal Republic of Yugoslavia and export-import organizations of the Socialist Republic of Romania shall be world prices on the principal world commodity markets for the same goods or goods comparable in technical characteristics and quality at the moment the contract is concluded.

### Article 5

All payments for imports and exports of goods and services on the basis of this protocol and other payments shall be made in freely convertible currencies, but in conformity with foreign exchange regulations in effect in the respective countries.

### Article 6

This protocol shall be applied temporarily as of 1 January 1978, but shall take effect after approval by the competent authorities of the two countries in accordance with the regulations of each country.

This protocol shall remain in effect until 31 December 1978.

Done in Belgrade 19 November 1977 in two originals in the Serbo-Croatian and Romanian languages; the two versions have equal importance.

On behalf of the Government  
of the Socialist Federal  
Republic of Yugoslavia,  
E. Ludviger (signed)

On behalf of the Government  
of the Socialist Republic  
of Romania,  
I. Patan (signed)

List A/1978. Exports From the Socialist Federal Republic of Yugoslavia to  
the Socialist Republic of Romania

<u>No</u> <u>1</u>	<u>Commodity</u> <u>2</u>	<u>Unit of</u> <u>Measurement</u> <u>3</u>	<u>Quantity</u> <u>or Value</u> <u>4</u>
1	Electric cable	Thousands of dollars	5,000
2	Railroad rails	Thousands of tons	60
3	Heavy structural steel	"	45
4	Steel tires	Tons	7,400
5	Special rolled and drawn steel	Thousands of dollars	6,000
6	Gray pig iron	Thousands of tons	30
7	Exchange and processing in ferrous metallurgy	Thousands of dollars	30,000
8	Rolled products, copper and brass	Tons	2,500
9	Mercury	"	30
10	Zinc	"	5,000
11	Lead	"	4,000
12	Cadmium	"	10
13	Ferrosilicon	"	5,000
14	Silicometals	"	3,000
15	Refined ferrochromium	"	2,000
16	Silicomanganese	"	4,000
17	Ferromanganese	"	8,000
18	Bauxite	Thousands of tons	300
19	Alumina	"	50
20	Iron ore	"	100
21	Magnesite and chromium-magnesite firebrick	"	30
22	Silicate brick	Tons	500
23	Sintered magnesite	"	2,000
24	Graphite vessels and slab	Thousands of dollars	300
25	Electrocorundum	Tons	5,000
26	Abrasives	Thousands of dollars	2,000
27	Wire for windings	"	500
28	Beech cellulose for cellulose fiber and cellophane	Tons	7,000
29	Titanium dioxide	"	2,000
30	Coal tar	"	5,000
31	Synthetic creolite	"	3,000
32	Xanthates	"	1,300
33	Antioxidants for rubber industry	Thousands of dollars	200

## List A/1978 (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
34	Explosives	Thousands of dollars	200
35	Zinc oxide	Tons	2,000
36	Hide glue	"	200
37	Lacquers and paints	Thousands of dollars	200
38	Organic dyes	"	200
39	Chemical agents for plant protection	"	3,000
40	Exchange of chemical fertilizers	"	7,000
41	Miscellaneous chemical products	"	3,000
42	Pharmaceutical raw materials and products	"	5,000
43	Sulfuric acid, oleum	Tons	5,000
44	Sodium sulfite	"	1,000
45	Sodium sulfate	"	5,000
46	Glycerin	"	200
47	Naphthalene	"	1,000
48	Furfural	"	200
49	Turpentine	"	500
50	Plastisol	"	100
51	Polyols	"	2,000
52	Polyol components for polyurethanes	"	1,000
53	Sodium chlorite	"	1,500
54	Potassium hydroxide	"	200
55	Conveyor belts	Thousands of dollars	3,000
56	Cellulose fiber, cotton type	Tons	1,500
57	Cellophane	Tons	600
58	Industrial rubber goods	Thousands of dollars	500
59	Hops	Tons	200
60	Electric power	Millions of kwh	250
61	Steel cylinders	Thousands	50
62	Electrical insulators	Thousands of dollars	1,200
63	Asbestos and asbestos products	"	2,500
64	Automotive coils	"	1,000
65	Pyrite concentrate	Thousands of tons	100
66	Metallurgical coke	"	150
67	Motor tires	Thousands of dollars	300
68	Miscellaneous other products (of the metal manufacturing and chemical industries)	"	3,000

## List A/1978 (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
69	Products of machinebuilding:		
	--Machines and equipment for agriculture (tractors and agricultural machines, spare parts and other agricultural equipment)	Thousands of dollars	3,000
	--Ship repairs	"	3,000
	--3,400-kw Bo-Bo electric locomotive and spare parts	Units	12
	--Machine tools, including subassemblies and parts	Thousands of dollars	8,000
	--Electrical supplies and electronic products	"	12,000
	--Subassemblies for thermal electric power plants	"	500
	--Industrial cooperation and mutual delivery of equipment and subassemblies for ferrous metallurgy	"	6,000
	--Industrial cooperation and mutual delivery of equipment, subassemblies and fittings for chemical and petrochemical industries	"	7,000
	--Equipment and subassemblies for food pro- cessing industry	"	3,500
	--Escalators	"	3,000
	--Industrial cooperation and mutual delivery of motor vehicles and subassemblies	"	10,000
	--Miscellaneous deliveries	"	15,300
	--Equipment and parts for cement factories	"	1,000
	--Tools	"	4,000
	--Ball bearings	"	300
	--Equipment and subassemblies for light in- dustry	"	4,000
	--Equipment and apparatus for automation and regulating	"	3,000
	--Industrial and drive chain	"	2,000
	--Other machines and equipment	"	2,000
70	Consumer goods	"	8,000
71	Exchange and collaboration in light industry	"	8,000
72	Raw and processed foodstuffs	"	5,000
73	Transit and other services	"	30,000
74	Books, magazines, films, philatelic goods and records	"	500
75	Commodity trade in local border traffic	"	5,000

List B/1978. Exports From the Socialist Republic of Romania to the Socialist Federal Republic of Yugoslavia

<u>No</u>	<u>Commodity</u>	<u>Unit of Measurement</u>	<u>Quantity or Value</u>
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
1	Ship sheet, including heavy-gauge sheet	Thousands of tons	20
2	Hot-rolled rails	"	130
3	Drawn and rolled wire	"	35
4	Miscellaneous shapes, medium and light	"	20
5	Prerolled ingots	"	153
6	Steel wheel rims	"	10
7	Exchange and processing in ferrous metallurgy	Thousands of dollars	30,000
8	Petroleum coke	Thousands of tons	13
9	Aluminum and aluminum products	Thousands of dollars	10,000
10	Electric cables and conductors	"	1,000
11	Naphthenic acid	Tons	200
12	Acrylonitrile, monomer	"	5,000
13	Methanol	"	10,000
14	Synthetic rubber	"	10,000
15	Soda ash, dense	"	10,000
16	Butyl alcohol	"	1,500
17	Caustic soda, lye	"	20,000
18	Formic acid	"	600
19	Alkyl amines	"	4,000
20	Ammonium sulfate	"	15,000
21	Dimethylterephthalate	"	2,000
22	Maleic anhydride	"	1,000
23	Cyanuric chloride	"	1,000
24	Nitric acid	"	1,500
25	Ammonia	"	10,000
26	Polypropylene	"	3,500
27	Octanol	"	10,000
28	Organic dyes	Thousands of dollars	300
29	Lacquers and paints	"	200
30	Styrene	Tons	5,000
31	Motor tires	Thousands of dollars	1,000
32	Pharmaceutical raw materials and products	"	2,500
33	Exchange of chemical fertilizers	"	7,000
34	Miscellaneous chemical products	"	7,000
35	Xylenol	Tons	3,000
36	Toluol	"	3,000



## List B/1978 (continued)

1	2	3	4
37	Mineral oils	Tons	20,000
38	Low-density polyethylene	"	2,000
39	High-density polyethylene	"	3,000
40	Polystyrene	"	4,000
41	Sodium tripolyphosphate	"	8,000
42	Dibasic ammonium phosphate	"	10,000
43	Phenol	"	6,000
44	Nonyl phenol	"	1,000
45	Acetone	"	4,000
46	Technical sodium nitrate	"	7,000
47	Ethylene oxide	"	2,000
48	Paraffin	"	1,000
49	Petroleum derivatives (residual fuel oil)	Thousands of dollars	10,000
50	Natural asphalt	Tons	8,000
51	Charcoal	"	10,000
52	Beech pulpwood	Cubic me- ters	30,000
53	Kraft paper	Tons	4,000
54	Ceramic tiles	Thousands of dollars	1,000
55	Parchment	Tons	800
56	Chromo paperboard	"	1,000
57	Two-ply, three-ply cardboard	"	2,000
58	Paper pulp for paper industry	"	10,000
59	Conifer lumber	Cubic me- ters	20,000
60	Salt	Thousands of tons	130
61	Miscellaneous other products (metal manufac- turing and chemical industries)	Thousands of dollars	10,000
62	Products of machinebuilding:		
	--Machines and equipment for agriculture: (tractors and agricultural machines, spare parts and other agricultural equipment)	"	3,000
	--5,100-kw CO-CO electric locomotives and spare parts	Units	74
	--Machine tools, including subassemblies and parts	Thousands of dollars	1,000
	--Electric and electrical products	"	12,000
	--Equipment for thermal electric power plants	"	4,500
	--Cooperation and mutual delivery of equip- ment for ferrous metallurgy	"	2,000
	--Cooperation and mutual delivery of equip- ment and subassemblies for chemical and petrochemical industries	"	4,000

List B/1978 (continued)

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
	--Cooperation and mutual delivery of equipment to food processing industry	Thousands of dollars	2,000
	--Equipment and parts for cement plants	"	7,000
	--Cooperation and mutual delivery of motor vehicles and subassemblies	"	10,000
	--Other deliveries	"	11,200
	--Equipment for petroleum industry	"	6,700
	--Tools	"	500
	--Ball bearings	"	1,000
	--Forest tractors	Units	25
	--Locomotive trucks	"	24
	--Equipment and subassemblies for light industry	Thousands of dollars	2,000
	--Equipment for automation and regulating	"	1,000
	--Other machines and equipment	"	2,000
63	Consumer goods	"	8,000
64	Exchange and cooperation in light industry	"	8,000
65	Raw and processed foods	"	6,000
66	Transit and other services	"	19,000
67	Books, magazines, films, philatelic articles and phonograph records	"	500
68	Commodity trade in local border traffic	"	5,000

3. The order ratifying this protocol shall take effect on the eighth day after publication in SLUZBENI LIST SFRJ.

Belgrade, 6 April 1978

Federal Executive Council

Chairman,  
Veselin Djuranovic (signed)

7045

CSO: 2800

POLES, CZECHS QUESTION ODRA BARGE SYSTEM FUTURE

Szczecin KURIER SZCZECINSKI in Polish 31 Aug 79 pp 4-5

[Interview with Franciszek Gronowski, chairman, Department of Maritime and Inland Waterway Transport, Institute of Transport Economics, Szczecin Technical University by Anna Wieckowska-Machay: "Cutting the Barge Off from the Railroad Car"]

[Text] For many years Szczecin has been a leading center in the field of research on Odra problems. The Department of Maritime and Inland Waterway Transport of the Institute of Transport Economics of Szczecin Technical University, which Prof Franciszek Gronowski chairs, has a record of great scholarly achievements in this area.

[Question] Professor, in our group, among your seminarists, many of my colleagues wrote master's level dissertations connected with inland navigation. Most of them later happened to become affiliated with Odra enterprises, where they are distinguishing themselves greatly in their professional work. Thus, the department which you chair provides highly qualified specialists to the inland branch. Has this contributed to a tightening of the links between scholarship and practice?

[Answer] Unfortunately, the papers written in the department represent our initiative exclusively, or our initiative combined with that of various institutions not directly connected with this field of transport. However, we are resisting cutting the fragile thread binding the educational institutions with inland navigation. Thus, we are not only trying to encourage seminarists to take on these subjects, but we are also confronting the needs of the branch in some sense, for we are solving its problems, we are advising it on how to get out of the difficulties which it has been struggling with daily and which it will have to manage with in the future as well. It seems to me that inland navigation simply has no luck with people with initiative. As a result, it stays in its shell, justifying its turning round and round in place with external factors. Organizational and operational paralysis is most easily explained on the basis of objective difficulties.

For many years now I have participated in the efforts of the Maritime Commission of the Polish Chamber of Foreign Trade. This is a forum at which the most difficult problems and timely matters of the voivodship maritime economy are discussed; it is here that collegial decisions are made which are inculcated later in a consistent fashion. For example, it was at the Commission's initiative that the "Regulations on Barge Operation within the Szczecin-Swinoujscie Port Authority" were worked out and later applied, and at that time this was a pioneering undertaking, the effects of which--positive effects, of course--navigation felt the hard way. But what a marvel: when we discuss issues affecting the Commission, the seat of the representative of Navigation on the Odra is most often empty. Contracting parties in navigation show more initiative in resolving matters of water transport! The employees of this enterprise or the Inland Navigation Union do not sit in collegial bodies and do not share in the efforts of various commissions or subcommissions in operation at institutions connected with the maritime turnover. This passively signifies a lack of strength. A strong position can be developed only when initiative is shown and when it is put into operation.

[Question] In short: this is unrequited love, for, after all, the greater part of your scholarly achievements concerns matters of inland navigation. In recent years, however, we have observed an increase in the transport activity of Polish inland navigation.

[Answer] I agree. Recently this branch of transport has been observed, and its significance and role as an important, integral component of Poland's transport system have been evaluated. But the point of the matter is that in the course of the last 5-year period, the character of this branch of transport has become warped: Navigation on the Odra is slowly becoming a local ferryman, or--navigation at short distances, in defiance of logic, in defiance of its technical and economic straits, which predestine it to transport goods at long distances.

[Question] The results of this transport policy are more than evident enough in the Szczecin-Swinoujscie Port Authority, where the share of route barges in its service does not exceed 8 percent. What possibilities do you see for a way out of this transport impasse, with the present state of the Odra thoroughfare?

[Answer] That 8 percent is nearly 1,800 tons, a minimally large amount, not proportionally low in relation to needs, and also, to the possibilities of the Odra in her current state of transport management. Despite appearances, rationalizing route barge transports on the Odra is not too complicated a thing to do. Strictly speaking, only four groups of loads are hauled to this river: coal, ore, fertilizer and grain raw materials, and recently one more was added--cement. These are goods found in large quantities, along a long route, continuously. These facts foster the fully consistent elaboration and use of commodity transport chains. Chains are passable only when all of their links have a matching method and

efficiency of activity, when they are connected into one logical whole, and when all transshipping-storage-transport operations run without great disturbances.

[Question] Or something like a container system?

[Answer] Yes, but it is a question of maximally using the fundamental and well-known principle "from the door--to the door," of bringing the first sender together with the last recipient, of eliminating combined transports, which manage to destroy not only the entire economics of a given transport branch but also its operation principles. And combined transport predominates at present in our very own inland navigation: water and rail. Holding on tightly to traditional schemes usually leads to a plainly paradoxical situation. Now, the development of Odra transports is limited not so much by the possibilities of the fleet and its transport potential but simply by...the railroad car, since the entire technology of inland transport has been placed "under the railroad."

[Question] Can the next step in Odra transports ensue only when navigation makes a break with rail transport?

[Answer] I would not state the issue in such a patently extreme way. All the same, inland navigation's connection with the most overburdened branch of transport in Poland, with its well-known difficulties with railroad cars, especially in Slask, has to place the whole "economics of inland navigation" under a question mark. The basic commodity transported downstream is coal. From the mines, coal makes its way to the allocation points, or to the ports in Kozel and Gliwice, exclusively by railroad car. In 1977 the Polish State Railroads implemented only 50 percent of orders for coal cars; thus, only 55 percent of the export coal planned for water transport made its way to the Szczecin-Swinoujscie Port Authority by barge. The same year, an attempt was made even to drive the load to Slask ports by car, but at what a cost!

[Question] Do the Slask centers propose to use conveyor belt systems?

[Answer] Conveyor systems, and also narrow gauge sand coal railroads. But these are only proposals for the time being. Effective solutions for the transport of coal to the allocation point and new transport and reloading technologies really are not being sought, the number of receiving centers is not increasing, etc. And it is also impossible to use transport contortions, the peculiar curiosity which the "coal bridge" on the Szczecin-Swinoujscie route is, for the long term. It is the same with ore: in Kozel it is reloaded from barges into railroad cars, which has a decisive influence on decreasing the transports of this commodity by inland navigation. There are also no transport centers to transport transit ore for the CSRS. Our neighbor beyond the mountains, knowing the situation with the Polish railroad system, has decided to build a transshipping base in Rostock. I am afraid that transit ore will most probably disappear from

the Odra, although the greatest metallurgical district in the GDR is in the district which continues to the upper course of the Odra.

[Question] Therefore, the streamlining of the transport of goods to river ports and of the receipt of loads from these ports cannot be done without investments?

[Answer] Yes, but these are only supplementary investments. Operational and organizational reserves in navigation are not so large as to succeed without the expenditure of one-slot coins to increase transports on a long route. But these investments should be considered not only as concerns inland navigation; new technological solutions will greatly relieve the railroad of transports of ore and coal in Slask, which is overcrowded beyond measure. The sums expended will be restored very quickly in this case.

But unfortunately, inland navigation is not coming out with new initiatives, is not seeking new means and forms of operating its fleets, is not trying to streamline the process of delivery and receipt of goods in ports. We would willingly evaluate the situation if inland navigation made a good start at doing these things, we would help, we would advise... It seems to me that in this branch of transport there has to be a change in work style and mentality, a break with tradition and habits.

Despite today's difficulties, technological chains appropriately matching the technical, economic, and organizational problems of the transport process can be applied in the near future in the transport of these most important commodity groups, and the economics of transport can in effect be improved. In accordance with decision No 8 of the Presidium of the Government, which assigns the task for the Odra of transporting 25 million tons in 1980, and thus three times more than the amount transported in 1977, there will be further activation of the greatest transport route. The displacement of so large a load mass on the Odra route, and not for short distances, between Slask and Wroclaw for example, requires the application of modern transport technologies, however, in accordance with the principles of transport economics.

8729

CS0: 2600



## MINISTRIES BLAMED FOR LACK OF CONTRACTUAL DISCIPLINE

Tirana ZERI I POPULLIT in Albanian 10 Aug 79 p 1

[Editorial: "Contractual Discipline--An Important Factor for Starting the 1980 Plan in the Best Prepared Way"]

[Text] During this period, along with the discussion of the figures of the 1980 draft plan, contract agreements are also being drafted. Contractual tasks for production, quality, assortment, transport, circulation of goods and products, are in the final analysis, the concretization, materialization and sanctioning of the plan tasks. Therefore, the drafting and signing of contracts must be carried out in time and qualitatively, learning from the shortcomings and weaknesses of the current year, in order to prevent the occurrence of such manifestations in the future. The managers of enterprises, institutions and of ministries must get involved in solving the problems and the inconsistencies which will arise during this phase, by making them issues for the working collectives. They also constitute an important object of the work of basic party organizations within the framework of the entire work carried out during the discussion of the 1980 draft-plan.

It is necessary to create a more correct concept regarding contracts, in order to value them as basic documents specified by the reports and the tasks of each economic unit for the whole, and not allow that the fate of contractual tasks be solved in a distorted manner or left in the hands of some, but the managers and the principal cadres should deal with them and they should become everyone's problem.

Many work collectives have by now acquired a good experience in the field of contract agreements. The "Stalin" textile combine, the "Josif Pashko" construction material combine, the instruments plan in Korce, the glass factory in Kavaje, the cigarette factories, the sugar combine in Maliq, and so forth, have not only made a tradition of the drafting on time of contract agreements according to the decisions and recommendation, but have also distinguished themselves especially for their regular fulfillment in regard to quality, quantity and assortment. This good experience must be known, programmed and expanded in a responsible manner in all the economic



enterprises of the country. Despite the improvements which have taken place from year to year, one cannot say that there is everywhere and always a strict discipline in the follow-up and the fulfillment of contractual tasks. A fact will be mentioned to further clarify the point. During 1978, Albimpex was penalized 2.5 million lek by the [State] Arbitration [Office] in 18 instances for creating many hindrances to the production enterprises. This enterprise has been censured in eight instances for the first quarter of the current year too. Nevertheless, these penalties did not become in issue for the working collective, but have been locked up in the office of the directorate. This is a bureaucratic attitude and act. Comrade Enver teaches us: "...The party and mass organizations must devote greater attention and care to educational and ideological work in order to explain the basis and the core of the system of contracts which regulate the relations between the producers and the users of material values. They must explain clearly the consequences resulting from their underestimation and violations, and must struggle to raise the awareness and personal responsibility of anyone who is charged with the implementation of contractual tasks."

Experience has shown that in many cases the non-fulfillment of contractual tasks can be traced to shortcomings and foot-dragging from the moment the contracts are signed. According to the decisions in force, the enterprises and the agricultural cooperatives are obligated to send within the month of December to the producers their requests for various goods for the year after the planned year (in December of this year for 1981). These enterprises in turn, must reply within the first quarter. But what happens? In many cases this work is considered as something superfluous. There are enterprises who fail to make such requests, or who are very late in sending them or make no specifications, something which creates great difficulties in drafting import plans for raw materials and supplementary materials and for the distribution of domestic products. This has happened, for example, with some products of the chemical enterprise in Tirana. Out of 55 users of these goods, 36 have been very late in sending the draft requests. And let us not forget one fact: we are talking about enterprises of Tirana District. But what is even worse, such manifestations are being repeated. Thus, during this year too, the contracts for the supply of vegetables should have been concluded by May. This has not been done yet, and the intervention of the Council of Ministers was necessary to get it started. The same thing can be said about the violation of deadlines in issuing order requests by the foreign trade enterprises, and the submission of protocol agreements on time by the ministry. The question may be asked: Why is it that the enterprise managers, the executive committees and the ministries allow violations of deadlines when it is known what consequences and damages they cause the economy? Why is it that when the plan tasks are not fulfilled, analyses are made and responsibilities are assigned, whereas when there are violations of deadlines for contract agreements, the problems are treated lightly? It is time to put a stop to these shortcomings and weaknesses. The question is not only to acquaint oneself with the legal rules and guidelines, but to implement them all.

The ministries must also play an important role in drafting, signing and, above all, in thoroughly implementing the contracts. However, without denying the good work done, in many cases, some ministry has failed to enter contracts on time, and has permitted a poor implementation of tasks, and as a consequence, irregularities have taken place in the organization of work and production in some sectors of the economy. Last year, for example, the requirements of agriculture for spare parts were not fulfilled on time and qualitatively. This was not caused by the lack of raw materials or by the lack of productive capacities, but by the poor work co-operation and coordination between the Ministry of Industry and Mines and the Ministry of Agriculture. To make the point clearer, the Ministry of Industry and Mines assigns plans for the machine building plants to introduce spare parts, and on this basis, are the technical-organizational measures to start their production are also defined. But what happened later on? It resulted that the needs for spare parts were not complete and exact. A full three months were needed to solve this misunderstanding. And all these became a burden to the economy.

There are many instances of this nature in the relations between other ministries. In many cases, in place of co-operation there is evidence of ministerial inclinations and tendencies to put the blame on the other. The Ministry of Light and Food Industry, for example, orders the collection enterprise in Korce to deliver the meat to the cold-storage depot of this city. At the same time, the Ministry of Domestic Trade orders that the same quantity of meat be sent to the cold-storage depot in Tirana. As a result, the collection enterprise in Korce and the Tirana cold-storage depot have not signed a contract in six months to supply the capital with a few tons of meat. If these shortcomings are known, why is it then that they are not solved in time by the heads of these ministries? And why is it that the basic party organizations do not take a stand regarding these manifestations which affect the regular supply of the workers with consumer goods?

One other fact should also be mentioned in connection with the poor work of the ministries: in the enterprises of the petroleum system, relations between them are not fully based on the contractual system. There is a lack of legal sanctions and the tasks and the rights of the respective sides are not clearly defined. Contrary to the decisions in power, the buyers of goods pick up the goods from the producer warehouses, rather than vice versa. The same can be said also for the transportation contracts. Here, too the delivery quota is given to the buyer and not to the seller of goods, something which has resulted in irregularities in the organization of work, and irresponsibility in the implementation of tasks. The question is asked: Why is it that the Ministry of Industry and Mines has permitted the creation of this situation? These shortcomings and weaknesses are proof of ignorance and failure to comply with the legislation in force, and in particular, Decision No 39 of the Council of Ministers.

Under the conditions of the sharpening of the blockade which the imperialist-revisionist encirclement imposes upon us, it is clear that the fulfillment of the plan tasks and, within them, of the contractual tasks, becomes of special importance. Therefore, all opportunities exist so that by reflecting on the shortcomings and weaknesses, one can always demand, and especially during the month of August and September when the contracts for 1980 are agreed upon, that work be done with determination and in a responsible manner. There is room everywhere for a profound study work, so as to put a stop right away to the inconsistencies. It is the duty of the basic party organizations to keep alive the debate and the criticism toward ministerial tendencies and the "sector spirit," to strengthen the call for accountability and the responsibility for work, to create a correct understanding and attitude in everyone, from the managers and up to every worker, in drafting and implementing contracts. Only in this manner are all conditions created to start the 1980 plan in the best prepared manner.

5112

CSO: 2100

## CSSR-ARAB FOREIGN TRADE RELATIONS REVIEWED

Prague REVUE OBCHODU/PRUMYSLU/HOSPODARSTVI in Czech No 6, 1979 pp 9-11

[Article by Engr Josef Koci, department head of the Federal Ministry of Foreign Trade: "Trade and Economic Relations of CSSR with Arab Countries"]

[Text] In the development of Czechoslovak trade and economic relations with the developing countries, the Arab countries play the foremost role not only as to the volume and structure of mutual commodity exchange, but also as to the forms of actual economic and scientific-technical cooperation.

The dynamic item in the mutual commodity exchange with the Arab countries are the Czechoslovak exports of entire industrial plants and complete machinery which are carried out in accordance with the development plans of national economies of individual countries and strengthen their effort to achieve an economic independence. A major part of these exports is based on the long-term intergovernment agreements on economic cooperation and is financed either by the Czechoslovak intergovernment or bank credits. The debtor countries usually pay up the credits by domestic production of raw materials, semifinished and completely finished products. In recent years, however, this economic cooperation with the Arab countries has been reflected not only in the Czechoslovak exports of machinery, but also in the construction of industrial plants which is carried out in close cooperation with the country involved. It covers all stages from design to participation in the actual construction, technical assistance, handing over of the finished project, know-how and occasionally also help in selling finished products. This overall participation in the construction of industrial plants is the most attractive for the developing Arab countries, but the most challenging from the standpoint of Czechoslovak participation. In many instances, the Arab countries are also interested in direct Czechoslovak production cooperation particularly in output and processing of raw materials which creates also for the Czechoslovak party good prerequisites for the subsequent necessary imports over a long period.

The export of entire industrial plants from Czechoslovakia to the Arab countries has a longstanding tradition. After all, the CSSR constructed more than 100 industrial plants and other facilities in these countries. The most important among them are in the area of power engineering, petrochemical industry, metallurgy, engineering, building materials industry and textile production.

The construction of these new industrial plants provides an excellent basis for the sale of additional Czechoslovak-made industrial equipment particularly to those countries which possess all conditions for becoming the permanent supplier of their products to the CSSR.

Simultaneously with the exports of capital goods, mutual cooperation of the CSSR with the Arab countries constantly intensifies and expands also in other economic areas such as geological research, mapping, drilling of wells and construction of roads. This activity particularly recently has been the subject of bilateral intergovernment negotiations and it can be anticipated that its share in economic cooperation with individual Arab countries will have a rising trend permanently.

Czechoslovak assistance to the Arab countries which is carried out on the basis on intergovernment agreements on scientific and technical cooperation is also highly appreciated. At the present time, such agreements are in effect with seven Arab countries. Within its framework several hundred Czechoslovak experts have been working in the Arab countries already for a number of years particularly in the area of health care, education, geology, balneology, mining, industrial production management and others.

In addition, both groups and individuals from the Arab developing countries are furnished instruction or granted short-term stays in various Czechoslovak schools, courses, industrial plants and institutions. The CSSR thus actively contributes to the education of national cadres for the needs of developing national economy of individual countries.

All these forms of CSSR trade and economic cooperation with the Arab countries contribute to the systematic increase in the mutual commodity exchange which has more than doubled in the last 8 years.

The gradual development of national economies of Arab countries and construction of domestic industry brought about a change in the structure of commodity exchange. In Czechoslovak exports the focus shifted from the area of raw materials and consumer goods to entire industrial plants and machinery, while semifinished and finished products are becoming increasingly important in the imports from the Arab countries.

The territorial structure has also undergone certain changes in recent years which were necessitated both by the changes in the political orientation of some Arab countries and by the differentiated needs of individual countries in the implementation of development programs.



From the standpoint of the commodity exchange volume, Syria, Iraq, Libya, Egypt and Algeria are the most important CSSR trade partners at the present time.

It is therefore appropriate to briefly describe the scope of trade and economic cooperation primarily with these countries.

#### Syrian Arab Republic

##### Trend in Mutual Commodity Exchange

in million Kcs

	1965	1970	1975	1976	1977	1978
Czechoslovak exports	39	191	307	474	642	638
Czechoslovak imports	22	30	62	62	110	42
Turnover	61	221	388	536	752	680

The Syrian Arab Republic is one of the most important CSSR trade partners among the developing countries. The mutual relations are regulated by:

- agreement of 24 July 1974 on economic cooperation;
- long-term trade agreement of 11 September 1975;
- agreement of 11 September 1975 on economic cooperation;
- agreement of 11 September 1975 on scientific-technical cooperation.

Czechoslovak exports to Syria substantially increased particularly in recent years when the deliveries of entire industrial plants and of complete machinery have been made. Among the most important plants built in Syria with Czechoslovak assistance are the crude oil refinery at Homs, a power plant, several sugar refineries, tire factory, breweries, flour mills, weaving mill, spinning mill and others.

Within the framework of the 1975 agreement on economic cooperation which furnishes a Czechoslovak government credit in the amount of \$100 million the Czechoslovak foreign trade enterprises are negotiating the deliveries of additional plants for petrochemical industry and power sector.

Likewise, the Czechoslovak imports from Syria are constantly increased and diversified. While it was largely cotton that was imported before, the imports are gradually increased to include phosphates, hides, cotton yarn, legumes and other goods which fully meets the needs of the Syrian economy.

All conditions have thus been created on both sides for a further expansion of mutual trade and economic relations on the basis of existing contractual agreements so that the Syrian Arab Republic will remain one of our most important partners among the developing countries.

#### Republic of Iraq

Trend in Mutual Commodity Exchange	in million Kcs					
	1965	1970	1975	1976	1977	1978
Czechoslovak exports	69	229	530	485	438	347
Czechoslovak imports	4	4	92	123	133	80
Turnover	73	233	622	608	571	427

The CSSR trade and economic relations with Iraq have been expanding in various areas. The CSSR actively participates particularly in the construction of large industrial plants in Iraq, but new forms of economic cooperation with the CSSR participation are reflected also in the manufacture of tractors with the application of Czechoslovak-made components and technology. Approximately 4,000-5,000 tractors are thus assembled in Iraq annually. Among the most important projects completed with Czechoslovak assistance in Iraq in recent years are crude oil refineries Basra I and Basra II with the total capacity of 6.5 million [?tons] per year, Ramadi ceramics plant, Kerbala brick factory, Kufa tannery, Mosul textile plant, pumping stations, a water filtering plant, flour mills and others. At the present time, a delivery is being prepared of facilities for another large crude oil refinery at Baiji with the annual capacity of 3 million tons of crude oil.

The interest of both countries in a further expansion of economic cooperation was underlined by the establishment of the joint intergovernment committee for economic and scientific-technical cooperation on the ministerial level. The task of the committee is to resolve the problems as they arise and to submit suggestions for the further expansion of trade and economic relations between the two countries.

Further possibilities of cooperation appear to be also on the multilateral basis because Iraq was the first of Arab countries which signed an agreement on cooperation with CLMA.

The mutual trade and economic relations between Iraq and the CSSR are regulated by the following basic agreements:

- long-term trade and payments agreement of 18 December 1973;
- agreement of 9 March 1972 on economic and technical cooperation;
- annex of 31 May 1977 to the agreement on economic and technical cooperation;



--protocol on scientific-technical cooperation of 14 December 1958;

--agreement of 3 July 1978 on the establishment of the Czechoslovak-Iraq government committee for economic and scientific-technical cooperation.

Within the signed agreement on economic cooperation, the CSSR Government granted the government of Iraq a long-term credit in the amount of \$100 million which will be used in the nearest future for deliveries of Czechoslovak equipment for the construction of thermal power stations, plants for food industry and plants for production of building materials.

In accordance with the conception of long-term expansion of mutual economic relations, the Czechoslovak party assumed the obligation to import gradually increasing quantities of crude oil from Iraq.

#### Arab Republic of Egypt

##### Trend in Mutual Commodity Exchange

in million Kcs

	1965	1970	1975	1976	1977	1978
Czechoslovak exports	226	554	430	403	492	325
Czechoslovak imports	208	279	556	433	722	748
Turnover	434	833	986	836	1214	573

In the past, EAR [Arab Republic of Egypt] occupied one of the prominent places among the developing countries in terms of the volume of mutual commodity exchange and Czechoslovak exports of entire industrial plants. A total of approximately 80 industrial plants were constructed with the Czechoslovak participation in EAR particularly in the area of power-engineering, petrochemical and light industries, metallurgy, food industry, production of building materials, transportation and so on.

Due to the change in the political orientation of EAR and application of some discriminatory measures toward the socialist countries, the scope of mutual trade and economic cooperation decreased together with the total volume of commodity exchange in recent years.

The trade and economic relations between the CSR and EAR are regulated essentially by the following documents at the present time:

--long-term trade agreement of 5 May 1976;

--long-term payments agreement of 5 May 1976;

--agreement of 7 February 1959 on trade and navigation;

- agreement of 2 August 1973 on economic cooperation;
- agreement of 20 February 1966 on VTS /scientific-technical cooperation/;
- agreement of 26 September 1964 on the establishment of a committee for economic, scientific and technical cooperation.

The Czechoslovak exports to EAR consist approximately 50 percent of entire industrial plants and equipment, while the remaining part consists of items such as rolled material, chemical products, timber, glass products, ceramics and so on.

A considerable diversifications has been achieved in the Czechoslovak imports from EAR. While the imports consisted almost exclusively of cotton in the past whose exports to the CSSR were banned by the Egyptian party in 1978, the CSSR imported cotton year, phosphates, rice, shoes, textile products, leather garments, spices and other goods more recently.

In addition to Lebanon where two forms of payments exist, the EAR is the only Arab country with which the CSSR maintains the form of clearing payments. Because of the disadvantages of this form at the present stage, both countries have manifested interest in switching to payments in freely convertible currencies in the shortest possible time.

#### Arab People's Socialist Republic of Libya

The mutual trade and economic relations have rapidly expanded recent'y. The Czechoslovak exports to Libya increased eight times in the last 8 years, but no imports have been made as yet.

Trend in Mutual  
Commodity exchange

in million Kcs

	1965	1970	1975	1976	1977	1978
Czechslovak exports	24	40	490	255	191	725
Czechslovak imports	-	-	-	-	-	-
Turnover	24	40	490	255	191	725

Under discussion are number of projects with the Czechslovak participation in the construction of industrial plants in Libya particularly in the area of metallurgy, engineering and production of building materials. New suggestions in this respect were put forth in the negotiations during the visit of general secretary of General People's Congress of Libya, Col Muamar Kdaffi in the CSSR in June 1978 and the subsequent visit of CSSR deputy premier Dr L. Strougal to Libya at the beginning of this year.

In the course of past cooperation, the Czechoslovak enterprises and organizations have built for example 380 km of roads in Libya and are preparing the next stage of construction. In addition, they carried out geological research, drilling of wells, mapping and other geological work.

In the area of scientific-technical cooperation, the plans have been made for dispatching, in accordance with the demands of the Libyan party, several dozens of Czechoslovak experts in various fields, particularly education and health care, to long-term work in Libya.

As to the imports from Libya, the Czechoslovak party expressed interest in using the funds produced by the export of Czechoslovak equipment for the purchase of crude oil in Libya.

The trade and economic relations between the CSSR and Libya are regulated by the following documents of trade policy:

--long-term agreement of 13 February 1974;

--agreement of 13 February 1974 on scientific-technical cooperation.

A systematic increase in mutual trade and economic cooperation is followed up by the joint Czechoslovak-Libyan committee on the ministerial level which evaluates and recommends suggestions pertaining to economic cooperation for implementation.

#### Democratic People's Republic of Algeria

The CSSR-Algeria trade and economic relations successfully expand too. The ratio of entire industrial plants and equipment increases in the Czechoslovak exports, while the assortment of imported goods becomes more diversified.

Trend in Mutual  
Commodity Exchange

in million Kcs

	1965	1970	1975	1976	1977	1978
Czechoslovak exports	27	24	45	61	117	103
Czechoslovak imports	16	17	66	25	37	33
Turnover	43	41	111	86	154	136

Within Czechoslovak-Algerian cooperation, several important investment complexes and industrial plants have already been built with the assistance of other CEMA member states. The Czechoslovak enterprises have built factories for manufacture of shoes and processing of hides, power plants, a broadcasting station and other plants in Algeria. A plant for manufacture of pumps is being built in cooperation with GDR in Berrouaghia. In addition, the CSSR supplies some materials such as rolled iron, timber, raw materials for chemical industry and some types of consumer goods.

Primarily phosphates, iron ore and wine are imported from Algeria.

Likewise, Czechoslovak-Algerian scientific-technical cooperation already has its tradition. Approximately 100 Czechoslovak experts in various fields particularly education, health care, design, planning and other areas have been sent annually to Algeria already for a number of years. Their activity which contributes to the implementation of bold plans of development of the Algerian economy is highly appreciated by the Algerian party.

The trade and economic relations between the CSSR and Algeria are regulated by the following documents of trade policy:

--agreement of 1964 on scientific-technical cooperation;

--agreement of 1972 on economic cooperation;

--long-term trade agreement of 1976.

These selected five countries represent the bulk of the total turnover of mutual commodity exchange with the Arab countries with which the economic relations expand most rapidly. However, not only the commodity exchange, but also economic cooperation gradually increases also with the other Arab countries in accordance with the possibilities and development programs of individual countries. One can therefore anticipate that the commodity exchange between the CSSR and this latter group of countries will be increasing at a higher than is the annual average for the developing countries in general. It is encouraging that from the standpoint of Czechoslovak exports this increase is achieved primarily in custom-made engineering products and entire industrial plants which corresponds to the interests of the entire society.

10501

CSO: 2400

WEST SLOVAK PARTY SECRETARY EVALUATES AGRICULTURE

Prague RUDE PRAVO in Czech 13 Sep 79 p 3

[Article by Ignac Janak, Chief Secretary of the West Slovak Regional Committee of the CPS: "Guarantees are in Consistency: (words illegible) of the West Slovak Region Realize Decisions of Thirteenth Session of CPCZ"]

[Text] The goal of the economic and social policy outlined by the 15th Congress of the CPCZ is the many sided satisfaction of the growing needs of our workers on the basis of a continual increase in the effectiveness of social production. Agriculture and the food industry have an important task in this, to gradually reach self sufficiency in the production of grains and to further increase overall self sufficiency in the production of food-stuffs. For the fulfillment of these directives, the Thirteenth Session of the CPCZ Central Committee made concrete measures for the systematic increase of the intensity of agricultural production by means of the continual mobilization of reserves, the more effective utilization of the discoveries of scientific technical development, an increase in the quality of the level of management work and the utilization of all the factors of effectiveness. The West Slovak Region, due to its natural and production conditions, has an important place in agricultural production in our socialist homeland. Within the framework of the Slovak Socialist Republic, it guarantees 53.9 percent of the gross agricultural production, and within the framework of the Czechoslovak Socialist Republic, 18.9 percent. The total agricultural production, especially in the last ten years, has gone through great quantitative and qualitative changes. The per hectare yield of crops and the utilization of domestic animals are increasing and agriculturalists are successfully fulfilling demanding purchasing targets.

We are not, however, contenting ourselves with achieved results. We are critically reviewing our work, searching for the causes of shortcomings; we are attempting to uncover reserves, through the utilization of which we can still more conspicuously contribute to self sufficiency in the production of grains and foodstuffs. Since the 15th Congress, communists of the regional agricultural and food complex have already discussed three times, in this spirit, problems of the development of plant and livestock production. We are orienting our work towards the regular and systematic growth of plant



production in all districts and agricultural enterprises, because this creates the basis for the successful development of livestock production and the remaining related branches. We are also devoting extraordinary attention to it because the results which have been achieved in the cultivation of grain corn, sugar beets and several other vegetables and fruits are not yet satisfactory.

#### Evaluate and Determine the Next Step

Following the resolution of the 13th Session of the CPCZ and CPS Central Committees, we consider, in this and future years, the securing of the grain program as decisive in plant production. We want to produce in the region of 2.5 million tons of grains per year. For the achievement of this demanding goal, the regional party organization will develop creative activity, strive for the improvement of party administration, for the deepening of a leninist work style. We begin from the leninist principle that after the determination of the proper line everything depends on the effectiveness and quality of the ideologically educational, administrative and organizational activities.

There is no doubt about the fact that the overall level of administration of the agricultural enterprises in our region is systematically growing. An example is the successful realization of this year's harvest work, even in difficult conditions, and the fulfillment of purchasing targets. In spite of this there also exist shortcomings. If we compare economic results and the style of administrative work in agricultural enterprises, there are significant differences between them.

One of the forms of the gradual elimination of unsubstantiated differences between agricultural enterprises in comparable conditions is the regular evaluation of the work of the ones which are lagging, the weaker ones, an increase in difficulty for the work of functionaries and a deepening of the concrete help provided to them. We devote constant attention to the Factory Organization of the Communist Party of Slovakia during the choice of cadres and their many sided preparation by means of regular evaluation and the drawing of conclusions concerning those who violate party, state and economic discipline. It has been shown that objective difficulties, climatic conditions, do not always influence the harvest to a decisive degree. For example, an evaluation of party work in Levicko pointed to significant reserves in the strictness of administrative workers, in the preparation of people for the control of technology and in the upholding of agrotechnical deadlines.

In the forefront of our attention is also the application of a scientific, creative approach to work. We appreciate the activity of the improvers from Solar, Bucian, Sladkovicova and Hrubse, of the scientific workers from the Nitra agricultural college who earned our respect with the improvement of new, high output strains of wheat and barley and with the working out and testing of new agrotechnical approaches to the protection and nourishment of plants.

In the cultivation of grains we place the emphasis on the production of grain corn and ensilage. All districts and agricultural enterprises of the region guarantee the corn program which has been developed. The yearly planned production is 800 to 900 thousand tons of grain, which requires an average per hectare yield of six tons. Just as with wheat and barley, in the cultivation of grain corn as well, improvers, researchers and workers of the agricultural college help with initiatives. Continually good results are achieved by the united agricultural cooperatives (JZD) in Cilizske Radvani (7.1 tons per hectare), in Ostrov (6.7 tons), in Trebatice (6.6 tons), in the Calova Giant Feeding Station (6.5 tons), in the Soporn JZD but also in additional agricultural enterprises. The basis of their success is, besides quality seeds, especially timely agrotechnology supported by good organizational work, and the rapid introduction of new scientific discoveries into practice.

These examples have a mobilizational effect on the remaining agricultural enterprises and on the development of socialist competition. We support and value the initiative of fourteen cooperatives and state farms, which following the example of Uzbek cultivators from the Soviet Union, in honor of the thirtieth anniversary of socialist agriculture and the thirty-fifth anniversary of the Slovak National Uprising, assumed commitments to harvest 6.5 to 10 tons of grain corn per hectare. This sacrificial approach in the work of our agriculturalists, and the rigor with which they guarantee targets, as well as the continually deepening intensive cooperation with the scientific technical basis, with Soviet experts and agriculturalists are creating the requirements for our successful mastery of the targets in the region in the form in which they were approved by the 15th Congress of the CPCZ.

#### Through More Effective Methods to More Efficient Production

An inseparable component of the grain program is the intensification of the production of forage crops. A critical analysis, which we realized following the 13th Session of the Central Committee, showed that there are huge losses of nutrients during the harvesting of forage crops, their preservation and storing.

In addition to the dynamic development of the production of grains, we are achieving less satisfactory results in the production of bulk forage crops. Therefore we have adopted concrete measures for the improvement of the current situation, for the increase of their per hectare yields. The policy was adopted of guaranteeing a 15 to 16 percent share of perennial forage crops on arable soil. At the head of the initiative for the fulfillment of this target are 33 agricultural enterprises, which last year alone harvested more than 10 tons per hectare of perennial forage crops (in dry material). For instance, the JZD in Bzincice pod Javorina, 15 tons, in Cachtice 13.5, in Nova Dedince 13.1, in Gbeli 12.6 and others. They have achieved these results thanks to complex attention to stands and the effective utilization of irrigation. We see the path to the further increase of the intensification of the production of forage crops in a raising of the quality of



administrative and organizational work in agrotechnology, in attention to stands, in the clean sowing of alfalfa and especially in a harvest without losses and in the quality preservation of plants.

An important crop in the region are sugar beets, which agriculturalists cultivate on an area of more than 46,000 hectares. Several times we have critically concerned ourselves with the matter of how to utilize reserves, especially in those enterprises which have constructed irrigation systems, and we directed communists in the administrative sphere to work out measures for the increase of production of sugar beets. Through the fulfillment of these measures, cooperation has intensified with cultivators in the Czech Socialist Republic, examples of leading cultivators of sugar beets are being generalized and we are placing greater emphasis on timely and quality agrotechnology. We are happy that two-thirds of the agricultural enterprises have accepted socialist commitments to produce 5 tons of refined sugar per hectare following the example of the Janpolsko cultivators from the Vinnicka region of the USSR and according to the prostejov challenge to produce 50 tons of sugar beets and 60 tons on irrigated fields.

The Regional Committee and the district committees of the party are devoting systematic attention to the raising of the quality and the deepening of party work in agriculture and the foodstuffs industry. We are striving to assure that besides a proper content direction, the administration in all sectors apply effective methods and forms of work, especially in directing the process of concentration and specialization of production.

#### Without Rigidity, Flexibly and Promptly

This process has required as well changes in the organizational structure of the party. At the present time, all factory committees of the CPS are established in 34 JZD; 119 Factory Organizations of the CPS administer and direct work. The basic organizations of the party are gradually established according to the branch system of administration; for instance they are already functioning in the Aurora JZD in Dvory and Zitavou, in Dunajska Luzne, Pezinka and in additional agricultural factories. We are also succeeding in raising the quality of the work of party groups. In individual sectors of agricultural production, 1325 of them are working. Gradually, with their contribution, new forms of work initiative are spreading and the quality of object agitation and economic propaganda is improving. Members of the party group in livestock production in the Podluzany JZD (Topolcany district) entered a competition for the increasing of the milk yield of all milk cows. The collective so improved the milk yield of the cows that this average JZD joined, in the production of milk, the leading enterprises of the district. There are continually more examples of a step-up in the activity and initiative of communists, especially now in the period of the interviews of party organizations with members during the preparations for the exchange of CPCZ membership documents. In the West Slovak regional party organization, we have developed significant political efforts towards the consistent guaranteeing of this exchange. It has been confirmed that

since the anniversary member meetings of the party last year, matters have led here to a further increase of the quality of intraparty life, to an increase of the effectiveness of the work of party organizations. The politically organizational work of committees has especially increased in quality and work is also more intensively carried out within party groups, which positively influences an increase of the content level of member meetings, a growth in the effectiveness of the influence of basic organizations and above all the development of the activity of every member and candidate of the party, exactly as the resolution of the CPCZ Central Committee on the exchange of membership documents had in mind. At the June member meetings, during the discussion of the evaluation of the effectiveness of the organization, the work of the committee and its members and during the review of the preparedness of the basic organization for the realization of the discussions with members, the method of critical rigorousness in the evaluation of achieved results and demanding approaches to a qualitatively higher level of measures for the further deepening of the effectiveness of the work of party organizations was more conspicuously in evidence.

Meanwhile, the member meetings of party organizations in our region have approved the issuing of new membership documents of the party to more than one quarter of the members. The more than forty thousand personal tasks which were charged to communists on this occasion, create good prerequisites for the fulfillment as well of demanding directives in complicated conditions. We value the fact that during interviews party members come forward with initiating suggestions to date, more than seven thousand of them have announced personal commitments.

In work, we are continually searching for new forms, striving to increase rigorousness, a deepening of control, an increase of the activity and consciousness of the broad mass of workers. In the critical evaluation and review of daily work, in the increase of activity and engagement of members and candidates of the party in the agricultural and foodstuff complex, we see the guarantee of the consistent fulfillment of the outlined tasks.

9276

CSO: 2400

GREATER PLANNING OF COMBINE BY-PRODUCTS URGED

East Berlin DIE WIRTSCHAFT in German Vol 34 No 9, 6 Sep 79 p 14

[Article by Dr Hans-Joachim Donnert, Carl Schorlemmer Technical College, Leuna-Merseburg: "Planning of By-Products in the Combine"]

[Text] There is an increasing incidence of so-called complex scrap containing multiple metal compounds, thus requiring new organizational forms and methods for recovery and processing. The metal-processing branch of industry is currently working on new ways to extract metals of value that can be localized, to strengthen metal components made from separated scrap and to sort and combine high-grade steel alloys.

Chemist Reiner Andrae, a coworker in the central laboratory of the Metal-Processing Combine VEB in Leipzig, can determine the alloy elements of scrap steel within 10 seconds using his analyzer.

Recently a colloquium was held at the Carl Schorlemmer Technical College at Leuna-Merseburg to discuss problems related to the salvage of by-products; participating were scientists and experts, predominantly from the chemical industry. The consensus was that it is necessary to make further improvements in the machinery of planning. Requiring special attention in this regard is planning at the combine level. For on the one hand, according to the originator principle applied in our republic, the enterprises and combines which generate by-products are themselves responsible for putting them to use; on the other, the economic potential necessary for optimal use exists or is being developed in the combines, particularly the newly formed ones.

A successful and the most widely used method is the annual planning of accumulation, use and safe disposal of the most important by-products in the enterprises and combines. Emphasized numerous times in the discussion was the fact that it is now important to improve the degree of accuracy and the scientific basis for planning the accumulation and use of by-products.

Recommended for this are technical-economic index figures and/or norms which are to be established as related index figures for specific products, expressed in kind insofar as possible. Suitable index figures would be accumulation of the by-product in tons, relative to 1 ton of the principal product, or accumulation of the by-product in units in kind, relative to 1 unit of original raw material. Index figures such as these are already being employed by various combines of the chemical industry in the form of so-called discard norms. For example, the spinneret recovery of sodium sulfate in the manufacture of viscose fibers in a chemical combine is planned with a coefficient of 0.630 tons of sodium sulfate per ton of viscose fiber.

The use of index figures such as these has several advantages:

First of all, a technical-economic analysis of the accumulation process is required in order to develop the index figures;

The knowledge acquired with regard to actual accumulation in turn makes it possible to draw conclusions aimed at reducing the accumulation. At least within certain limits, this takes into account the need to investigate the possibilities of avoiding the incidence of by-products before developing different ways in which to use them;

An added advantage of the index figures is that they make possible a reliable assessment of the efforts required to reduce accumulation -- measured by specific accumulation independent of the production development of the principal product;

Last but not least, accumulation index figures are absolutely necessary for operational calculations on the effectiveness of salvage processes.

For example, studies conducted at an installation for the spinneret recovery of sodium sulfate in the manufacture of viscose fibers revealed that a minimum accumulation from the spinneret must occur if the installation is to operate profitably. Information of this sort is very important in planning the size of salvage installations and scheduling their full-capacity use. It ultimately facilitates well-grounded decisions on whether by-products are to be salvaged or disposed of safely.

Another means of improving accumulation planning that was discussed is the complete identification of by-product accumulation at the enterprise and combine level -- that is, including those recycled for in-house use. Since the accumulated by-products that are recycled for in-house use are most often not covered by the plan, the full scope of the by-product and secondary raw material problem is not apparent, for even the use of its recycled waste by an enterprise causes extra expense, at least an added demand for energy. Moreover, it is by no means certain whether the type of recycling practiced in a particular combine or enterprise guarantees the greatest benefit. An

overall accounting of by-product accumulation therefore appears indispensable to economic decisionmaking on the salvage of by-products.

Nevertheless, the normative substantiation of accumulation and the complete accounting of wastes and residues are important not only to improved planning of by-products. Combining these with data on material purchases, material inventories, consumption coefficients and production volumes, it becomes possible to compile enterprise material disposition balances which give a complete picture of the level of economy in the use of materials and form the basis for management decisions on the comprehensive improvement of this material economy (see table).

Table 1. Sample Enterprise Material Disposition Balance

#### Accrual

Initial inventory	100
+ Material purchases	2,000
- Terminal inventory	150
+ Recycled material	400
	<hr/>
= Enterprise accrual	2,350

#### Disposition

Net consumption of marketable production	1,500
- Production wastes and rejects	550
Including:	
Recycled material	400
Sale	150
Safe disposal	0
= Gross consumption of marketable production	2,050
+ Consumption for auxiliary processes	150
+ Consumption for research and development	100
- Other consumption	50
	<hr/>
= Enterprise consumption	2,350

Also discussed was the re-employment of by-products as controlled by the plan. At present the plan accounts for only their use and safe disposal, recorded in units in kind. This makes it impossible right now to gain sufficient knowledge of the effectiveness of by-product salvage. In

particular, no information is available on suitable utilization of material or on losses of material, energy and work time connected with uses foreign to the material. Suggestions have been made for classifying wastes listed as used under the following categories:

Sale;

Substitution material for comparable primary raw material;

Chemical processing;

Use foreign to the material;

Energy use.

It would also be useful to record the economic results of the individual types of utilization. For example, this would easily be possible for the sale of a secondary material derived exclusively from by-products by examining the proceeds realized; it could be done in the case of energy use by examining the energy prices fixed by law. One thing to be clarified would be the valuation in the case of by-products used in conjunction with other raw materials in multi-stage chemical processing.

The proposed varied planning of by-products at the combine level could unquestionably provide effective support for pre-plan studies of the economic benefit to be derived from recycling by-products as secondary raw materials.

7458

CSO: 2300



# HUSZAR DISCUSSES MODERNIZATION OF INDUSTRIAL STRUCTURE

Budapest FIGYELO in Hungarian No 37, 12 Sep 79 no 1,3

[Article by Deputy Premier Istvan Huszar: "Our Tasks in Opening Up the Industrial Reserves"]

[Text] The 10th Traveling Meeting of industrial statisticians and plant economists will be held in Gyor between the 17th and 19th of September. Certain questions of modernizing the industrial structure are in the center of discussion. Istvan Huszar, member of the MSZMP Politburo, and deputy premier will give the main address at the meeting. We are publishing here its abbreviated form.

The national economy's Fifth Five-Year Plan -- in harmony with the economic policy guide principles adopted by the MSZMP's XIth congress -- has designated the improvement of our national economy's balance position as the main task of our economic work, the goal being to create by the end of the plan's time period the foundations for further lasting and balanced growth. In the interest of this the plan first of all has made it a goal to reestablish harmony between production, domestic utilization and foreign trade sales.

In the first three years of the plan's time period the tasks specified in the annual plans more-or-less corresponded to the plan's medium-range projections with respect to production's growth rate and the main structural changes. While these tasks were being carried out, in the last two years but mainly in 1978 -- even in spite of the results which were achieved -- such unfavorable tendencies have become stronger which endanger the firming up of the results we have already achieved, but first of all, [endanger] our future development: the efficiency of society's production improved at a rate smaller than was planned; the national income's growth rate did not reach what was projected in the plan; production's demand for materials and equipment increased; modernization of the product structure fell short of the requirements; the increase of domestic usage -- mainly accumulation -- significantly exceeded production's [increase]; export barely increased.

while in contrast with this import grew significantly. Due to the effect of these factors and of the world market changes which exerted their effects simultaneously with the former and were unfavorable to us, the task of improving the national economy's balance did not get accomplished satisfactorily. In order to stop the above mentioned tendencies of damaging effects, or to eliminate them, changes containing additional restrictions -- even with respect to the original goals of the five-year-plan -- had to be placed into effect in the 1979 yearly plan. According to the MSZMP Central Committee's 6 December 1978 resolution, this year we must insure improvement of the national economy's balance situation by placing emphasis on the quality and efficiency factors. We must subordinate the economic growth rate and domestic utilization to this goal.

The Central Committee's 29 June 1979 resolution called attention to the fact that in spite of the results achieved the progress we have made thus far is not sufficient to reach the goals specified in the plan.

Due to the unfavorable tendencies of recent years, the 1979 yearly plan specified a moderate, 4 percent industrial production growth in the interest of improving the national economy's domestic and foreign balance situation. Industrial production during the year's first half -- 3.3 percent -- fell short of this growth rate. However, it is a favorable phenomenon that the increase in the sales of industrial products was somewhat higher than that of production: 4.3 percent. In the first half year the export volume of industrial products exceeded the level of last year's first half by about 12 to 13 percent, within this by about 5 percent in ruble accounting and about 22 to 23 percent in nonruble accounting.

#### Productivity is Improving

In the first half of 1979 industry produced the production which increased at a more moderate rate than in previous years -- but exceeds the average rate of the Fifth Five-Year Plan's time period -- with a decrease in employment: the number of people employed was 1.2 percent smaller in this time period than in the same time period of the previous year.

The increase of labor's productivity exceeded that of production; in the first half of 1979 production per employee increased by 4.9 percent. In this area the uncovering of our existing reserves is progressing well this year. During the time period between 1971 and 1978 our industry's productivity increased at a faster rate than that of the industry of the German

Democratic Republic, Czechoslovakia and the Soviet Union, thus our lag has decreased in the level of productivity with respect to the standards of the European CEMA countries. In spite of this the Hungarian industry's productivity continues to lag behind the industrial productivities of the developed or less-developed European capitalist countries as well as behind some of the socialist countries.

First of all, that can be filtered out of the international comparisons that there still are very large reserves concealed in our industry's productivity. A portion of these reserves can be mobilized directly because they depend in general on the economics of industrial production, more specifically on the efficiency of performing the work, and not on the different, for the most part lower technical and technological levels. That is, the often mentioned tense manpower situation in the final analysis is the consequence not of the lack of employees but of the low efficiency of utilization of the available manpower.

Considerable reserves are hidden in modifying the composition of employees, in regrouping the manpower or even more so also in promoting, urging the flow of manpower. Today the new manpower available in the national economy must be preferentially directed to the area of services, and in the industry the main task is to employ the existing manpower more efficiently.

Besides the mechanization of auxiliary activities there also are manifold reserves concealed in manpower management. We have large reserves in the utilization of working time by the individual workers in the qualitative as well as in the quantitative sense, in plant and work organization, and also in whether the manpower is tied down by economical or uneconomical enterprises, branches. In some areas promising steps have already been taken in uncovering and making use of the reserves, in other areas we will have to take these steps in the future.

There is improvement in the utilization of working time, at least in the extensive sense. All-day absences have decreased in comparison with the first half of the seventies. In 1978 in round figures there was 1 fewer all-day absence per physical worker than in 1976.

One of the most significant reserves of manpower management is the definite increase in the incentive-providing function of wage management and moderation of the so-called distribution function. In spite of the resolutions passed and guide principles which have been defined, in practice we have done very little yet in this area. The tendencies which can be read out of the wage and earnings developments of the last 2 or 3 years also indicate this. The relatively significant wage level rise of the last 3 years can be observed in practically all strata of those employed in the socialist industry. Thus the generally moderate differences developed in the direction of equalization of the wage levels, that is, towards a further leveling out. The lack of balance between manpower demand and supply has resulted in increasing the wage levels in an undifferentiated manner through the enterprises' wage management as well as also through the central wage measures. Increase of the wage level is influenced most definitely by how the number of people employed develops. Close correlation can be observed between decrease in employment and increase in wages. At the same time, there is no direct connection between the way wages developed and the indices which reflect the efficiency of economic operation.

Production according to schedule forms a unique area of industrial reserves. The efforts to increase efficiency and improve work organization did not make industrial production smoother; within a given year, the difference between the months with the highest and lowest production levels (December and January, respectively) increased for example during the years between 1970 and 1976 -- besides the yearly fluctuations --, and some improvement has occurred only in the last two years. It is characteristic for the extremely uneven issuing of product that for example in 1978 the December monthly production in the instrument industry was 2.5 times as high, 2.3 times as high in the communication and vacuum technology industry, 2.0 times as high in the machinery and mechanical equipment industry, as in January. In these branches the June-to-January monthly production ratios also show values of 1.8 to 2.2 times, and even in the bulk metal products industry which mass produces relatively many small items there is a difference exceeding 30 percent between the production levels of the months mentioned.

The manifold damaging effects of lack of schedule cause losses not only at the producing enterprises. The largest loss occurring at the producing enterprises is caused by the uneven loading of manpower and production equipment. The manpower and machinery capacities sized for the production of peak time periods are far from being fully utilized at the low points of this fluctuation, which besides the actually occurring costs, wages, amortization, benefits, etc. also unfavorably influences the work discipline. Another significant source of losses is that the ratio of rejects increases, the quality of product decreases in products made in rushed work, during strenuous overtime schedules. This increases the cost of the producing enterprises, and at the same time the unacceptable quality products also cause losses for the users, and in the case of export they have a particularly harmful effect on the recognition, appreciation of our products.

### Quality and Competitiveness

Quality of the manufactured product is not negligible among the reserves. Part of the expenditures is being wasted on rejects which cannot be said to be useful from the qualitative viewpoint, and this type of "waste" is on the increase.

The Hungarian industry's material demands are quite high because of the technical level of its products and because of the structure of its production. During the time period of the Fifth Five-Year Plan we spent 67 forints in material costs for 100 forints of gross production value, thus this area practically offers the possibilities of better economic operation and seeking out the domestic reserves. Even the smaller savings can bring results in the millions for the national economy. Yet, the annual increase rate of all material costs calculated on the basis of current prices was 9.6 percent in the last three years, surpassed the 9.8 percent growth rate of gross production and 9.1 percent increase of net price income.

Imported material and energy costs represent about 42 to 44 percent of the net material expenditures in industry. The increase of these was more moderate



than that of material consumption. This is a warning that even though our unfavorable raw materials situation and increasing energy demands necessarily determine a part of our material costs, even with the present product structure such a portion of higher than 50 percent in our material costs spent for production purposes which could be decreased by substituting cheaper materials, using more modern technological processes, energy savings, better utilization of waste materials.

It is worth talking about the management of waste materials separately. Countries much richer than ours pay greater attention to such byproducts, wastes with which they can save values in the billions. As is well known, a large part of industry's raw material demands are supplied by wastes in some specific areas. This is how it is in ferrous and nonferrous metallurgy, in the paper industry and also in the textile industry. Still, thus far the collecting of these has for the most part been done in campaigns, preparation of the wastes is not modern enough, often we do not have the equipment necessary for this. Yet we could achieve even significant import savings through the waste materials. For example the national economy's demand for scrap steel exceeds 2 million tons annually. Yet the number of collection places has decreased, sorting of mixed wastes has not been solved, size production and classification capacities are small, the equipment the collecting enterprises need for this is insufficient. Similarly the management of non-ferrous scrap metals is also lacking. In nonferrous metallurgy for example scrap materials provide about one-fourth of the raw materials for copper and copper alloys, and more than 30 percent of lead. The sales of nonferrous metal scraps is moving on a forced path, collection is done in an organized manner only from the large and medium-sized enterprises, even though we even have export opportunities in these scraps -- due to the lack of our own processing capacities. Collection and processing of waste paper also decreased in 1978.

I believe a new outlook, new economic and entrepreneurial behavior are necessary to open up these reserves. The essence of this is that besides the increasingly better utilization of the savings opportunities hidden in the consumption of materials and energy, simultaneously with the modernization of the economic and industrial structures the values of the materials and energy sources should increase. The 1980 producers' price changes should also result in modifications in this direction.

The other, often debated area of materials management is: the supply of materials to industry. The high material inventories indicate that in many areas the supply of materials is not balanced. Deliveries according to orders often leave much to be desired from the viewpoints of quantity, quality, selection and deadline, therefore the enterprises develop their own reserves. By these means significant supplies -- which perhaps cannot even be used up later -- are in possession of the users, instead of commerce taking care of the continuity and certainty of providing supplies.

Continuous development, modernization of industry's production structure is one of the main economic tasks of any country which has reached at least a

a medium level of development. As a result of this, the industrial products do the best possible job of fulfilling the needs of their domestic users and foreign customers, and at the same time also satisfy the efficiency and balance requirements. In Hungary the industry's branch structure in the Fifth Five-Year Plan's time period which has thus far passed has, on the basis of gross production measured by comparative prices, for the most part been modified according to the plans, continuing the tendencies of the previous five-year plan's time period: the ratios of the production of mining, metallurgy, light industry and food industry have decreased, of the electrical energy industry, machinery industry and chemical industry have increased, and of the construction materials industry did not essentially change. Except for the food industry, the size of the change was also similar to that planned; that is, this branch's share of production decreased more than had been planned, which is unfavorable considering our given circumstances, the domestic demands and the export opportunities.

#### Modernization of the Production Structure

The main directions of changing the branch structure are similar to those of the CEMA countries and of the 10 developed European capitalist countries. Therefore it is worth directing our attention to changing the product structure, where the modification can be faster. In recent years the main production phases of ferrous metallurgy, the ratios of its production with respect to each other and the branch's product structure have developed unfavorably. Steel production is falling short of the requirements of the rolling process, and because of this the import of steel and semifinished products has increased more and more. Production of the so-called secondary processing products, mainly of hot rolled pipes has not increased sufficiently. Continuous accomplishment of the aluminum program has produced significant results -- even though at a more moderate rate than had originally been planned. However, it is not favorable that due in part to some of the investments running behind schedule, the product structure is not always in harmony with the domestic needs and therefore in some cases import of some processed aluminum products is also necessary. The way the machine industry's product structure has developed, very significantly influenced (and influences) the continuous achievement of structure modernization of the production of transportation equipment -- based on the highway vehicle program completed in 1975 --, and of the [continuous achievement of] the computer technology program. Considerable results have been achieved in increasing the production of modern light sources, various other vacuum technology products and equipment, and also in the improvement and modernization of the production of household refrigerators and of medical instruments. But the shift in the product structure is slower than is necessary in the machine industry as a whole.

Parallel with the dynamic growth of production the chemical industry's product structure has also become more modern; as one of the petrochemical program's results achieved thus far, a significant basis of plastics and plastic raw materials production has come into existence; in recent years the domestic chemical fertilizer production increased rapidly, by about 1<sup>1</sup>/<sub>2</sub>



percent per year; the pharmaceutical industry -- based on research foundations which are advanced even by international standards -- dynamically increased its production, new medicines are being introduced each year, and the process of diversification -- mainly the production of plant protecting chemicals -- has also gained some volume. However, faster growth is being hindered by several factors. For example the lack of harmony between producers and users, and the lateness of bringing the new capacities into full production unfavorably influenced the increased modernization of the structure of chemical fertilizer production. Expansion of the plastic processing capacities fell short of the growth of plastic production.

Development of the decisive majority of light industrial branches was influenced or is being influenced basically by the already completed reconstructions or by the ones now in progress. The quantity of production has significantly increased as a result of the furniture industry's reconstruction which has essentially been completed, but the modernness, selection and quality of the products are not yet satisfactory. The situation is less favorable than had been expected in the clothing industrial branches where the largest reconstructions are taking place. In the last 10 to 15 years the world over the textile industry has become a particularly sensitive area of industrial development.

Modernization of the product structure is slower than necessary in the textile and textile clothing industry, in spite of the results. On the one hand the ratio of products planned to be eliminated is too small in the branches, about 5 percent. On the other hand product development is insufficient in its extent and not continuous enough. The main factors of this are: lack of harmony among the vertical relationships, backwardness of the so-called clothing background industry, shortcomings of cooperation between the enterprises and occasionally within the enterprises, the onesided "finished product orientation" of providing incentives.

#### Tasks For 1980

Among the individual directions affecting the national economy's growth next year I wish to call attention to the following ones: the 1980 national economic plan is not foreseen to include changes in tendencies like this year; the task will also remain valid next year that we must subordinate all factors of our economic operation to further improving the external balance. In 1980 as well as in the following years changing the production structure will be the decisive factor of improving the balance.

The effects exerted by the modifications of the regulatory system, by the new producers' price system on the economic processes will be able to be evaluated realistically only after the passing of a certain amount of time. These facts also indicate that the economic operating organizations next year also will have to overcome numerous difficulties. Besides limiting the domestic market and keeping export to the socialist countries within planned limits, occasionally problems may also occur in utilizing the capacities,

which may lead to further moderation of the growth of industrial production. Overcoming these difficulties places increased demands on the economic leadership working on various levels of directing.

The regulatory system's planned modifications are aimed at strengthening the elements of normative regulation, therefore the independence of the enterprises may increase.

We must put the requirement into effect that the communities which work economically, profitably, make initiatives should enjoy greater advantages than the ones working with lesser results.

By changing the price system the value relationships will better express the national economy's interest and goals than before, therefore it will also be easier to build in the economic directing work on the enterprises' interests, on the realistically orienting and forcing effects of the value processes, it will be possible to decrease the extent of detailed, individual interventions into the economic operating activities.

In closing we must also speak about another one of our reserves: about the work competition movement which in honor of the MSZMP's 12th congress and of the 35th anniversary of our country's liberation has become nationwide in its scope. The decisive majority of the pledges serve to increase the economy of production and selling, profitability and labor's productivity, and to improve the modernness and quality of the products. Initiatives particularly worthy of attention have been taken to increase economies of materials, energy and imports. On the one hand the competitive movement which has developed is a testimony of agreement with the party's policy, about the willingness to act in the service of our country's economic improvement, and on the other hand the workers by fulfilling their pledges will help in the successful accomplishment of the tasks specified in this year's as well as in next year's national economic plan, laying down better foundations for our Sixth Five-Year Plan.

8584

CSO: 2500

## DEVELOPMENTS IN LABOR SITUATION DISCUSSED

Budapest FIGYELŐ in Hungarian No 38, 19 Sep 79 pp 1, 7

[Article by Dr Jozsef Laczo: "The Situation of Labor Matters"]

[Text:] According to the first half year's data the demand of enterprises to increase their employment rolls is decreasing; more and more enterprises are expecting stagnation or decreases in their employment. Though in varying extents, the manpower requirements the enterprises report to the councils or to employment offices are decreasing everywhere. For example at the end of the first half year of 1979, 2 percent fewer new workers were requested from the councils in Budapest, 10 percent less in Veszprem megye, 24 in Vas megye, 40 percent fewer in Gyor-Sopron megye than during the same time period of last year.

Besides making the economic regulators stricter, moderation in the rate of production's growth also contributed to the decrease of demand for manpower, but the forcing effect of the actual manpower situation also had a role in this. In certain geographic areas and in some branches the directing role of the authorized regional and supervisory organs also increased the effect of these factors. For example that initiative of the megye's party and national organs in Gyor-Sopron megye, that in the interest of more efficient employment the economic operating organs should review their employment situation and define their realistic employment needs, greatly helped achieve the megye's results.

## Regrouping, Termination

As a result of the review various extent of employment reserves were uncovered at the majority of the enterprises, the majority of which were used for internal regroupings. The most significant regroupings took place at the home plant of the Hungarian Railroad Car and Machine Factory and in its plants in Mosonmagyaróvár and in Kaposvár. In summary this affected 1,031 people, 26.8 percent of this was internal regrouping. (Similar

measures were also taken in plants of the enterprise located in other megyes.) In the Metal Structure Plant in Mosonmagyaróvár, in two factory units 127 persons were transferred from non-physical assignments to physical work assignments. At the Flax Spinning and Weaving Enterprises 101 people, at 3 other textile industrial enterprises a total of about 100 people and at 3 of the megye's industrial enterprises also a total of about 100 people were directed into other job assignments.

Job areas considered unnecessary were eliminated and in accordance with this several hundred people were terminated at the Hungarian Railroad Car and Machine Factory, 30 people at the local EPFU [Building Materials Transportation Enterprise] branch. It is to be noted: this practice cannot be said to be general either in the megye or in the country. Among others, the Hungarian Silk Industry Enterprise also decreased its employment -- but not by a significant extent. Finding new employment for the terminated workers was solved with the cooperation of the regional organs.

It is a more general practice of decreasing employment that quitting workers are not replaced or are only partially replaced (full or partial hiring freeze is applied), and the departing employees are substituted for by better organization, internal regrouping. This method was applied for example by the enterprises which belong under the supervision of the Ministry of Heavy Industry, among which [enterprises] the Bakony Bauxite Mining Enterprise achieved particularly good results.

The effect of the Győr-Sénthely megye measures, beyond uncovering a part of the manpower reserves which can also be represented by numbers, and beyond the rational regrouping of employment, can also be seen in the fact that in the megye and also in its direct surroundings the migration of manpower has decreased, work discipline has improved.

Execution of similar measures is in progress in Csongrád megye -- taking into consideration also the Győr experiences. In other megyes, in spite of the increase of manpower management activities by the local organs, this kind of employment review -- affecting all of the enterprises -- thus far has not taken place.

However, some enterprises either upon their own initiatives or by that of the trust, have changed over to more efficient manpower management -- in some cases with an experimental character. For example at the No 2 VOLÁN Enterprise [Volán Transportation Enterprise] 33 people were regrouped into other work assignments, 23 people were transferred to VOLÁN Enterprise No 21, which also belongs to the same trust. The enterprise got rid of a few employees by terminating them, and at the same time a hiring freeze was also ordered here. As a result of these measures in the first half year their merchandise-ton-kilometer performance increased by 14 percent, weight transported by 11 percent, with the vehicle park unchanged and with 56 fewer drivers.

## Conforming to Productive

In connection also with the foregoing, the total number of people employed in some of the national economy's branches developed according to the following:

In the socialist industry compared to earlier years employment developed in a way which better followed the changes in production. The latter's growth rate fell short of what was planned, and also the number of people employed decreased more than was planned, by 19,000 people -- 1.0 percent -- in contrast with the planned 11,000 people. Gross production value per employee developed essentially in accordance with what was planned.

Within industry the national economic plan with the exception of the food industry planned decreases in employment for every branch, and projected a 1 percent increase for the food industry. The planned increase did not materialize in the latter branch, compared to last year's same time period employment remained unchanged; with the exception of miscellaneous industry in the other branches the number of people employed did decrease.

In industry today we can no longer speak of lack of manpower which hinders production. In some cases -- mainly in Budapest -- at some construction material industrial or chemical industrial enterprises, and in the paper industry the shortage of manpower hindered the solving of production tasks. But in some trades and work areas (for example lathe operator, mechanic, fitter worker, helpers, etc.) the enterprises continue to indicate shortages.

It indicated improvements in manpower management that the number of overtime hours in the socialist industry decreased by 4.1 percent. (Within this only in mining it increased by 19 percent due to additional shifts being worked on days off.)

## Careful Wage Policy

At the majority of the enterprises wage improvements between 3 and 6 percent were planned. True: at several enterprises the supervisory organs had to call attention to the realistic possibilities of wage improvements, on the occasions of plan consultations. For example: the Ministry of Light Industry, when reviewing the plans of 112 enterprises which belong under its supervision, considered the plans of 27 enterprises to be such in which the planned wage improvements were not in harmony with their opportunities. At the other portfolios the ratio of such enterprises was lower.

In general only a small portion of the enterprises planned wage increases together with planned wage improvement contributions. Enterprises of the domestic commerce planned no wage improvement contributions at all, only a few of the metallurgical and machine industry enterprises did, but of the 42 enterprises which belong under the supervision of the Ministry of Heavy Industry 22 planned wage improvement contributions.



According to the first half year's data the wages paid out and the average wages in comparison with the rates of increase in previous years increased more moderately -- essentially in accordance with what had been planned and in harmony with the development of performances. The sum of wages paid out in the first half year increased by 6.9 percent compared to the same time period of last year. Even though this is 1 percentage point higher than the extent projected for the entire year, but the rate of growth will decline in the second half of the year as a result of terminating or moderating effects of various factors -- for example shift premium raises --, thus the payment of wages on the annual level can be kept within the planned limits. Moderation in the rate of wage increases could be observed already during the year's first half.

Compared to the previous year's same time period wages in the first quarter still increased by 8.2 percent, but by only 5.6 percent during the second quarter. The rate of wage increases further moderated in July. The way average wages developed is also characterized by a similar tendency.

In the material branches (without the TBZs [producers' cooperatives]) the average monthly wages rose by a total of 5.9 percent. Within this, raises of between 5 and 6 percent were achieved in some of the national economy's branches -- with the exceptions of transportation and communications, and of water management. Average wages increased by 9.1 percent in transportation and communication and by 9.2 percent in water management. In both branches of the national economy the introduction of shift premiums had a significant role in the increases which exceed the average of the material branches. For example in transportation and communication 3.8 percent was derived from this. In water management besides this the overtime hours which occurred in defending against the springtime floods and inland water damages also had a role in this. Average wages rose by 6.0 percent in the agricultural cooperatives.

Wage improvement contributions in the first half year amounted to only 40 percent of the sum paid in during the same time period last year. At the majority of the enterprises the wages paid out are differentiated essentially on the basis of the enterprises' performances. But some enterprises executed wage increases unsupported by performance. At these enterprises the coverage needed for wage improvements will have to be produced in the second half of the year.

Differentiation according to performance is still not being sufficiently expressed in paying the individual wages. At several places this is being explained with more moderate wage increasing opportunities in comparison with earlier years, and with the requirement of reaching the minimum wage limit. According to representative evaluation the enterprises generally spend a sum less than 1 percent of their annual wage improvement package to reach this minimum limit. But at a few enterprises (RTV [Budapest Transportation Enterprise], HUNGARICAMION [International Automotive Transportation Enterprise]) this reaches 1.2 to 1.5 percent, and in several cases (MAV [Hungarian State Railroads], Postal Service, etc.) they even have to spend



40 to 50 percent of their planned wage improvements for this. In industry the situation is more favorable than this, at many enterprises the minimum wage limits had already been reached earlier.

The lower limits of the wage items which appear in the new pay system of enterprise employees developed in 1976 had to be insured by the enterprises for every employee by 31 March 1979. It has been made possible, taking the opinions of the trade unions and of some of the supervisory organs into consideration, that where reaching the minimum limit out of the enterprise's own resources cannot be accomplished by the specified deadline, the supervisory organ may authorize postponement of mandatory compliance until 31 March 1980. The exemptions indicate that reaching the minimum wage limits by the deadline caused no problems at the majority of the enterprises. The supervisory organs granted exemptions to about 0.8 percent of the enterprises (29 enterprises) affecting about 0.2 percent (6,751 people) of the total number of employees.

1984

000: 0900

# MANPOWER REDUCTION MEASURES AT BAKONY BAUXITE MINE DESCRIBED

Budapest HETI VILAGGAZDASAG in Hungarian No 13, 1 Sep 79 pp 20, 21

[Article by Peter Toke: "Enterprise Manpower Management; More With Less People"]

[Text] "Manpower reduction," "cutback," "manpower regrouping"--new winds are beginning to blow in our country's enterprises. The manpower management consequences of more efficient production must be accepted, even when no readymade recipe can be found that is equally reassuring to the collectivity and the individual.

A case that occurred following the measures taken in a large enterprise has since been talked about as "the example of Gyor": a few hundred workers received their work books, or rather were redirected to other posts. Since then, there have been followers, a few loafers have been sent away, very quietly and without any publicity. Today, many enterprise managers already agree: something must be done to strengthen labor discipline and gain new esteem for work and place of work alike. The "how" has not yet been clearly outlined. Perhaps it should be done as in Gyor, perhaps it can be done in a different way. Here is the example of Tapolca.

1975: The Bauxite Mine Enterprise of Bakony is searching for the road toward further development. The circumstances are given: production cannot be boundlessly increased (the bauxite wealth must be managed rationally), the price of bauxite cannot be raised when at the same time, the workers' conditions must be improved and their wages increased. The experts and managers of the enterprises go on a study trip to France. At La Roquette, they find a mining region produced amidst geological circumstances similar to those of Tran. and whose machinery is also comparable. There were, however, also surprising differences: the French miners produce 1,200 tons per capita, twice as much as those of Tapolca, and the number of workers of the La Roquette company is half of that of the Bakony enterprise.

Following the exchange of experience, the Hungarians prepare a 9-year program to raise the efficiency of live labor and set a goal: by 1984, the Hungarian bauxite miners will also produce as much per capita and in the same way as

the French miners. For this, of course--since total production can hardly increase, at the most by 1-2 percent a year--the number of the Bakony miners must not be higher than those of La Roquette. That is, fewer miners must produce the same, or rather somewhat more. Thus, it was necessary to announce that of the manpower of the enterprise employing close to 3,000 workers, nearly 1,000 were superfluous. The question arose: how to reduce the manpower, by dismissing the superfluous workers, or by using another method?

At that time, the so-called average wage-level management was almost universally valid in Hungary. Some slick enterprise managers hired helpers and cleaning women for low wages to be able to pay more to their best skilled workers. Now and then, there was already wage mass management but because of built-in "brakes" it did not provide adequate incentive for better manpower management: if the given brigade "saves" one or two men and the remaining workers do the work of those who left, the wages saved could not be divided among them in proportion to the surplus performance done. The Tapolca experts, taking all these circumstances into consideration, plan a so-called wage mass management tied to performance, and want to solve the reduction of manpower by not hiring new workers to replace those who quit, drop out, and retire.

1976: The Ministry of Heavy Industry approves the live labor efficiency increase program of the Bakony Bauxite Mine Enterprise. A freeze on manpower hiring is ordered at Tapolca, Nyírad, Halimba, and in the other mining plants. Conditions for manpower reduction are created by means of labor organization measures, small mechanization, and technical development, the miners are encouraged to acquire a new trade so as not to needlessly employ experts who are only occasionally needed in case of machine breakdowns and various quick repairs.

First, nobody takes the "No Hiring" signs seriously. Migrant workers come, look for work, and refer to their right to work ensured by the constitution when they demand that they be hired. The reply: according to the constitution, they naturally have a right to work, they can find employment and can work--where there is a need for them. Within a few months, manpower decreases by about 100.

1977-1978: The number of those who leave is minimal, new workers are not hired to replace those who retire. Workers from the existing mining plants are redirected to the new mines being set up, manpower decreases at the planned pace. The number of workers who already possess two trades keeps growing: more and more brigades have miner-electrician, miner-mechanic, and miner-carpenter skilled workers. Performances and wages rise considerably. Now many people would like to come and work here, even get protection, but there is still no hiring. Productivity increases better than planned, the Tapolca workers get among the vanguard of the heavy industry mining enterprises. Manager Jozsef Kanizsai receives a State Prize.

1979: A balance sheet is prepared: by summer 1979, the manpower reduction will come close to 470 (310-320 workers retired, the others quit, only one miner had to be dismissed as a result of disciplinary action). Per capita production is already 720 tons of bauxite. Nevertheless, it is recognized in time that the reserves hidden in plant and work organization are limited. Hence the first complex brigade is set up, which, with 32 workers and the remote-control Diesel machine developed by them, produces 193,000 tons of bauxite a year, which is already a unique performance in Europe. The enterprise's managers prepare a further large-scale plan: they set as a goal by the beginning of the 1980's the acquisition of an additional six remote-control Diesel machines and the organization of [additional] complex brigades. (All this, of course, requires development funds and credits). If their ideas become reality, the seven mechanized groups with no more than 250 miners could exploit 70 percent of the bauxite. At the same time, this would also mean that they would catch up with and even considerably surpass the productivity level of the La Roquette mine much sooner than planned, by 1981 instead of 1984.

This, however, also means something else: if the 250 miners of the seven complex brigades perform the work of, say, 1,000 miners, then hundreds of miners will become superfluous. But according to the long-established schemes, there would be only two ways left for a further reduction of manpower, namely redirecting or dismissal.

In Tapolca, they are also thinking about a third road. For example, instead of a drastic manpower reduction--if this would be authorized for them--they would rather produce the same amount or more with the same number of workers but with reduced working time, i. e., with a 5-day work week. It will most certainly be worthwhile to pay attention to the results.

Explanation of the concepts marked with asterisks in the article.

Wage mass management.

A form of enterprise wage management. We differentiate between relative and central wage mass regulation. Relative wage mass regulation regulates primarily the wage mass available (the total amount of wages available in a given period), and in the second place the level of wages. This regulation provides the greatest incentive from the viewpoint of rational manpower management. Namely, in case of a bigger manpower reduction or a very large productivity increase, it makes it possible to achieve a considerable wage increase. The state applies tax measures to prevent excessive average wage increases. We find such wage mass regulation, for example, in the building material industry and also in the food industry. The essence of central wage mass regulation is that the yearly wage increase is not related to the increase of the enterprise's production but is determined centrally, in the framework of the yearly plan. This form is employed, for example, in research institutes functioning under an enterprise organizational form (enterprise manpower management).

### Wage-level management.

A form of enterprise wage management built upon the regulation of the size of the per capita wage (wage level) available to the enterprises. It has two basic types: absolute wage-level regulation, and relative wage-level regulation. In the absolute wage-level regulation, the wage level of the enterprises or the possibility to modify it is determined directly by the organs guiding the economy, independently from the activity of the enterprise. In relative wage-level regulation, the wage level of the enterprises and the possibility to modify it is regulated through the automatism of the management indicator characteristic of the activity of the enterprise (enterprise manpower management).

2153

CS0: 2500

## EFFECT OF PRODUCTION COSTS ON PRICES EXPLAINED

Szczecin KURIER SZCZECINSKI in Polish 10 Sep 79 pp 4-5

[Article by Stanislaw Chelstowski of TRYBUNA LUDU: "Production Costs and Prices"]

[Text] Letters from our readers contain questions on the reasons for the changes in the prices of many items, both in Poland and in other countries. This is an extremely broad and complicated subject, because the causes too are complicated. In the various countries there are various factors which operate with varying force. Therefore the author cannot in a single article exhaust this subject. For this reason the focus is on a few problems which seem to be the most important.

Under our conditions prices fulfill various economic and social functions. To put it in greatly simplified terms, the price is to provide producers (or providers of services) with a return of the costs incurred and insure a certain profit, part of which the enterprise keeps for its developmental purposes and part of which the state budget takes to cover the cost of living and the further development of the nonproduction sphere, social services, and so on.

In our country various price-setting methods are used, but the costs incurred are the point of departure in the overwhelming majority of them. Deviations from production costs are most often caused by the need to subsidize the production of many basic foodstuffs and certain services (such as urban transportation). These downward deviations, below the cost of production, mean that other prices must be increased, because there is no other way to cover budget subsidies.

Without going into the details of the methods of setting prices, we can say that their general level ultimately depends on the level of costs. Hence, if we want to find the source of the change in prices, we must consider the reasons underlying the changes (the increase, during the most recent period) in the production costs of most goods and services.



## On Foreign Markets

These causes may be divided into two groups, external causes and internal causes, although of course this division is by convention, because the causes are sometimes interrelated.

Let us start with external causes. Most important among them are the changes in prices on world markets.

In our country the constantly rising prices of raw materials and liquid fuels are having the greatest impact on production costs. As everyone knows, more than 60 percent of our imports are raw materials, fuels, and materials to be used in production.

From 1958 to 1972 there were no major structural changes in the prices of raw materials. It is true that their indicator slowly increased, but the increase was not great, while certain hikes on particular products were, on the other hand, speculative and short-lived. The situation changed radically in 1973, when the prices of crude oil took a drastic turn upward.

That rise in crude oil prices had no major direct impact on our situation, because we met the overwhelming majority of our demand for liquid fuels by imports from the USSR paid for at fixed prices. Nevertheless, the indirect impact was substantial, because there was a rise in the prices of a number of other raw materials, not just those produced directly from crude oil (petrochemical products) but all raw materials, inasmuch as their extraction or production takes a certain amount of power.

Since 1974 there has also been a different system in effect for the prices on raw materials in turnovers among countries which belong to CEMA, that is, what we call the moving-average prices set on the basis of mean world prices of the previous 5 years. These prices gradually began to increase, although this rise was moderate and free of any speculative fluctuations.

From 1975 to 1978 the prices of the various sorts of raw materials underwent various changes, but they basically did not exceed the 1974 level (with the exception of a few months in 1977). Of course, on the markets of individual products the situation was different. There were hikes and dips in the prices of sugar, coffee, cocoa, copper, cotton, and so on, but the general price index (several economic publications in the capitalist countries systematically publish such an index -- here we are using the index of the FINANCIAL TIMES for agricultural and mineral raw materials except fuels) fluctuated on a level more than twice that very index of the 1950's.

On the other hand, the situation took a significant turn, beginning with the latter half of last year. Last July the index which we mentioned here reached a level of nearly 290 (1952 = 100) and was 50 points higher than the previous year. It is worthwhile to illustrate these changes using the example of several raw materials which are of major importance to our country.

The market price of barley, an important feed grain, increased by 36 percent, corn by 44 percent, coffee by 65 percent, cotton by 8 percent, leather by 58 percent, copper by 12 percent, zinc by 6 percent, and rubber by 12 percent. Here the prices of most raw materials have tended upwards, despite certain periodic fluctuations and despite a decline in economic activity in most of the most highly developed capitalist countries, a factor which reduces the demand for raw materials.

What are the causes underlying this state of affairs? Are they temporary or permanent?

Insofar as agriculturally-derived raw materials are concerned, the scheme of atmospheric conditions this year is unfavorable, particularly for our largest importers, and this fact increases their demand for food imports (this pertains to our country too, which had to increase imports in order to make up for the reduced yields and harvests). Nevertheless, even if the situation is more favorable next year, prices will probably continue to be relatively high, because there have been substantive increases in the costs of producing food, as well as other raw materials. The main "culprit" again is crude oil.

#### Why Is Crude Oil Becoming More Expensive?

After the jump in 1973 crude oil prices settled down to become relatively stable. It is true that the crude oil exporters organization, OPEC, introduced an increase of 5-10 percent from time to time, owing to the rise in the prices of other goods and inflation, but it was not until this year that the next leap upward came. It was caused by the coincidence of political and economic causes.

The development of the situation in Iran was one of the most important political factors. In terms of size Iran ranks second among the OPEC countries. The pumping of crude oil declined beginning in the middle of last year, and this fact brought about a severe shortage of crude oil on world markets. This shortage started the escalation of prices. Initially the forecast for their increase this year called for 14.5 percent, but very soon many exporter countries exceeded these predictions. The cost per barrel rose from 12.80 dollars in December 1978 to 15-21 dollars in May, and there were transactions in which the price exceeded 30 dollars per barrel. Despite the fact that Iran began pumping and exporting again, the projections for importers of crude oil are no better.

Hence the energy crisis was again knocking at the door of the highly advanced industrialized countries. This situation appeared first of all in the rise in expenditures to buy liquid fuels, which evolved into a rise in the prices of most raw materials and other products.

This brief description of the development of the situation explains the basic reason for the rise in the prices of gasoline and other petroleum products in most of the countries of the world, including the socialist

countries. It is mainly a question of making more thrifty use of fuels, because we cannot count on any major increase in deliveries during the next few years, even at high prices.

Insofar as Poland is concerned, we import more than 20 percent of our crude oil from OPEC countries. Hence, their pricing decisions are already having an important direct impact on our balance of payments. Still more significant is the indirect impact, the effect of the increase in prices of other raw materials. This is bound to influence the production costs for many products. As a result the more expensive fuels and raw materials must be paid for with greater exports, unless we manage to obtain proportionately higher prices for the goods which we export. On the other hand, this is an extremely difficult matter, owing to the soft economic situation in the western countries, a factor which has greatly stepped up the competition (this is bound to have an adverse effect on the prices we obtain) and has also brought about certain protectionistic moves which have made it still more difficult for our exports.

There are also internal causes which in the most general terms we can call inadequate progress in improving management efficiency. I am not going to go into the complicated reporting of production costs, but we can use the research conducted at the Institute of Finance as a basis for saying that so-called unit production costs in our country have increased on an average by more than 20 percent. It is clear that this increase had to have an impact on changes in prices.

#### Inadequate Progress

Another problem is whether this increase in costs is always justified by objective causes like the rise in the prices of raw materials. Probably not in all cases. Progress in reducing the consumption of materials for production, in eliminating waste, losses on rejects, and the like, is less than adequate in many enterprises. The rise in labor costs is not always justified by higher labor productivity either. We often pay twice for this rise in labor productivity, once in the form of investment outlays for technical improvements, for new more efficient machinery, and again in the form of increased wages which do not take into account the extent to which the better technology contributed to increased productivity.

The relationship between costs and prices on the overall scale is firm. If costs increase, then the overall level of prices must also increase. This in no way means that every rise in prices and every "novelty" which often hides the desire to get more out of the consumer's pocket, should be considered justified, when there should be difficult, tedious work to reduce costs.

Prices must change, because production conditions change, but pricing policy should be based on conscious action on the part of state officials and not on the special interests of the various individual producers. On the other hand, the rate and directions of the changes in prices depend to a great extent on whether the effort to produce a great deal is accompanied by an effort also to make production increasingly cheaper.

TRUCK EXPORT MARKET, PRODUCTION PLANS VIEWED

Wroclaw GAZETA ROBOTNICZA in Polish 22 Aug 79 pp 1-2

[Interview with Jan Dalgiewicz, general manager of Jelcz Vehicle Works by Dobrosław Klimek: Date and Place not given]

[Text] [Question] Not long ago you returned from a business trip to the United States. I assume that what took you there were export matters. But when it comes to industry and to the motor transport market, is there anything to look for in that lion's den?

[Answer] Our firm as well as the entire Polish vehicle industry are going through a period of very dynamic development. We have purchased a great number of licenses, resulting in large investment outlays. This is already yielding results at present in terms of technology modernization, building construction and production. Also, a need for exports exists, and it is not a secret that we are striving for new markets.

Jelcz went into the export business in 1965--a few years after beginning production. From that time on export of our products has been rapidly growing although not without certain vacillations. We have many long-standing customers, and we are trying to attract new ones, particularly in capitalist countries with free currency exchange markets. Maybe this will sound paradoxical, because the USA is the transport tycoon, but it is precisely there that our products can find an outlet. There is a party who is interested in working together with Jelcz and a prospect exists for entering our products on that market. This party came to visit us, he has familiarized himself with our products, has analyzed our terms and has invited JZS representatives to come to the US to do a market survey. The tenor of my trip was to gain some familiarity with the needs and requirements of the market over there, and benefits were obtained in this sphere.

[Question] Jelcz is registering significantly successful export ventures this year. We may even speak of a growth of enterprises in this sector.

[Answer] It is saying too much, but it is a fact that success helps us win new customers from capitalist countries in particular. First of all, we are working jointly with Berliet and we are selling certain bus components to the French firm in exchange for a license and for supplying them with spare parts. In our opinion, this joint venture could be even livelier. The joint venture with Austria's Steyr is also becoming promising. We are on the eve of beginning the production of a heavy freight truck model under this firm's license, but we have begun working on the front steering axle assembly somewhat in advance to sell it to the Austrians. Parenthetically, I must explain that the Jelcz-Steyers we are releasing at present are not licensed models, they have a mixed construction and for the time being we are only conducting their assembly.

[Question] If you will allow me, we shall return to the matter of the Steyers later. Meanwhile could you further describe JZS exports in terms of their geography, export volume, stock, etc.

[Answer] Jelcz buses of which we have sold close to 5.5 thousand units have been the basic export merchandise up to last year. We have also been exporting bus trailers, trucks and truck chassis (more than 4.5 thousand units.) Of workshop trucks, close to 3 thousand units have gone abroad. You can add to this cabs, vehicle frames and spare parts.

Our vehicles are running in more than twenty countries in Europe, Africa and Asia. Most of them can be found in countries nearest to us, but lately as an example we have been successfully carrying on the sale of vehicles to China and other distant countries. Please look at this table which gives a good picture of how dynamic our export traffic is. In 1976-77 Jelcz was experiencing difficulties in various areas--a fact which was also affecting our exports. In 1978 we succeeded in breaking through these downward trends and we sold 122.7 million foreign exchange zloty worth of goods. Out of this sum, 22 million foreign exchange zlotys came from capitalist countries. This year, we have been allocated exceptionally ambitious tasks and we hope that exports will increase on the whole by 70 percent as compared with last year. Sales to capitalist countries should more than triple. In standard figures it looks this year as if we are about to acquire more foreign currency than what we have received to date for all the exports shipped into that area. But the year is not over yet, additional negotiations continue and they are certain to bring results.

[Question] Such results do not fall from heaven. To what do you owe your successes?

[Answer] On the whole, these successes are the result of an honest effort on the part of a great number of the firm's employees--an effort on the part of the entire work force. It is not easy to secure contracts. There are many automobile producers and they are all looking for market outlets. If



we are successful in this competition and if we gain customers, it is because our product becomes desirable. Efforts in this direction go hand in hand with technical and organizational progress in modernizing production as much as they owe their success to business interventions.

[Question] Might we not be concerned that we are selling too cheaply?

[Answer] Our exports are highly profitable. We are handling export matters jointly with "Polmot," the central foreign trade agency, and this agency has a very rigorous approach to the question of profitability. For example, our trucks are the kind of merchandise which can be bought or rented. Along with that, prices have to be competitive.

[Question] You brought up the question of new markets, didn't you?

[Answer] Yes, we are looking for new customers in Arab markets and we are trying to expand our export prospects in Greece. We are having talks on this topic with Yugoslavia with whom, by the way, we have already been working on mutually profitable terms. This year we are supposed to send 200 trucks to Yugoslavia, and negotiations are under way for additional deliveries.

[Question] Admittedly, your firm is also a serious importer.

[Answer] We have purchased licenses. We are importing various truck partial components and components. Lately, we have taken an interest in the purchase of high-quality bus engines to help us expand the range of our exports.

[Question] To return to the mainstream of our conversation, please tell me: what is Jelcz's rank in the export trade as compared with other firms in this line of business, and what is its rank within the industry in Lower Silesia?

[Answer] This year we are planning to export one fourth of our trucks and an even higher percentage next year. And it is worth noting that until recently private passenger cars were uppermost on the export list of the Polish automotive industry. Last year, we have definitely broken with this tradition. Even today, the truck exports of Jelcz vehicles and of the Starochowic vehicles are the stay of the motor transport sector's export trade.

However, I am in some difficulty when I want to compare myself to other firms in Lower Silesia. I have been discussing this very subject with the Wroclaw PIHZ department and I was amazed to hear that the results of the "Lower Silesia for Exports" 1978 contest will not be announced until September. Why not a half a year earlier? It seems to me besides that this competition's rules require some airing because how is it possible that Jelcz did not appear at all in the 1977 figures? And it seems we do not even stand much of a chance in last year's evaluation. Is it that export growth and its overall volume do not count for anything?



[Question] To close, I would like to ask you about any further developments with Steyers.

[Answer] The ministerial council's binding resolution No. 154 stipulates that heavy freight vehicle production under the Steyr-Daimler-Puch license will be located at JZS. Four years from now, we should be producing 2,000 vehicles under this license as well as 2,000 mixed construction vehicles when the license is being only partially used. We will also be producing a certain number of partly assembled older Jelcz models.

[Question] What will these licensed vehicles be like?

[Answer] They will have a one class higher freight capacity than those produced until now. The freight capacity of jelczes from the 300 family fluctuates between 8 to 12 tons. The licensed models on the other hand will transport freight within a 17.5—20 ton limit. This is much cheaper—[a factor which must be taken into consideration]—because in transport, economy is indispensable. In addition, we will be making vehicles not previously produced in this country, for example, there will be high powered ballast tractors designed to transport heavy loads. However, our products will chiefly consist of FSS-Kielce dump truck under-carriages, as well as containers [ciagniki siodlowe pod naczepy].

[Question] These are your plans, what will be happening in reality?

[Answer] We have already taken some preparatory steps so that the capital investment [allocated for this purpose] might be activated in accordance with the previously mentioned resolution. The investment cost is 2 billion zlotys.

[Question] This is a lot! Isn't this going to be too burdensome for construction trade firms?

[Answer] We need not be concerned about this, this time, because the capital investment will consist chiefly in machinery and equipment purchases, and in refurbishing the production work space. We do not foresee any new cubic construction. New equipment and the reorganization of production within the space now used will be sufficient.

As I have mentioned, we began making certain licensed vehicle components as well as the W-640 construction jelcz vehicles in advance. Our crew is acquiring experience on the basis of this production. With the help of the licensing firm, we are also training workmen to be professional technicians.

All these preparations have enabled us to approach the "Polmo" union and the ministry of industrial machinery with the suggestion to activate the capital investment ahead of time, [i.e.] this year—a step which would enable us to begin production earlier, as needed.

[Question] What is the most pressing thing at present?

[Answer] It is mainly a question of having water and heat for the workshops and of developing the Laskowice housing settlement. We must install new plumbing in Pikary and build a hasting plant because the absence of these facilities has already made itself sharply felt. The factory's readiness to begin on time the production of the steiers as well as the urgently needed development of the housing settlement for Jelcz's Laskowice workforce are both contingent on these facilities.

9275

CSO: 2600

## FUEL ECONOMY IN COMBINED ELECTRIC POWER, HEAT PRODUCTION

Bucharest REVISTA ECONOMICA in Romanian No 28, 13 Jul 79 pp 22-23

[Article by Nicolae Niculescu, Nicolae David, Constantin Corcodel of the Institute of Power Studies and Design]

[Text] We believe that the need for the specialists to have intense concern in the direction of reducing the consumption of primary energy resources no longer has to be shown. In this framework, studies and research as well as application of them in practice and extending of these application have brought out that one of the main ways by which substantial fuel economy may be obtained is the combined production of electric power and heat through district heating. Calculations made for the purpose of showing the effects obtained by the application of district heating show that in the case of supplying city consumers fuel economy evaluated at 12-19 percent of the consumption belonging to the solution of the separate production of electric power and heat is achieved, while in the case of the big industrial plants the volume of economy rises to 22-30 percent. Total fuel economy obtained by the application of district heating in Romania thus figured at more than 2.7 million tons of conventional fuel in 1978, a value which represents a reduction in the consumption of primary energy resources of around 3 percent.

The results presented are a direct effect of the party's policy of careful management of Romania's resources and of adopting the most timely solutions which take into account the long-range interests of the entire economy. The combined production of electric power and heat in powerful sources supplied with equipment with high technical and economic performances as well as specific systems of transport and the centralized distribution of electric power and heat, systems which enjoy continually improved construction solutions, at the same time, represent the solution of other multiple and urgent problems in the industrial and city management area to a greater or lesser extent, such as reducing the boiler construction industry to a large extent by reducing the number of small-output boilers and substantially reducing the specific consumption of metal in proportion to the unit of heat produced, the possibility of utilizing inferior fuels to produce heat with high output, substantially reducing the noxious gases evacuated into the atmosphere and, on this basis, eliminating the pollution from heat production in all the large locations.

Fuel economy policy by adopting solutions for the combined production of electric power and heat through district heating in Romania has taken on broad development both in the context of the national economy as well as compared with other countries. So, in 1979 there are 24 electric power centrals for district heating in operation which supply public systems in 20 urban centers and more than 90 electric power centrals for district heating for industry. The rise in the number and importance of the consumers of heat has led to achieving a district heating network with a total length of more than 800 km, reaching maximum transport distances of 9.5 km and maximum diameters of the pipes of 600 mm in the case of steam networks and 17 km and 1200 mm in the case of hot water networks. Despite the successes presented above, there still are a number of directions in which improvements can be obtained which can continue to offer substantial reductions in the consumption of heat and electric power and which we propose to evaluate in this study.

#### Improvement in the Concept of District Heating Systems

In Romania the district heating solution has continually undergone improvements connected with adaptation to the specific conditions of each electric power central for district heating and as a result of the continual searches caused by the demand to continually raise the economic efficiency of the district heating systems. These improvements have at their base both quality elements regarding the increase in the specialists' experience in the area of the equipment production industry and in the area of the design and operation of these projects as well as bringing to fruition the results obtained through broad research aimed at making a thorough study of the specific economic-technical problems and adaptation to Romania's conditions of the solutions applied in countries with long technical experience in the area of district heating. Among the most important directions in which the efforts made have materialized in special results, we should mention the continual improvement in the performances of the designed and built centrals so that their economic-technical indicators permanently are at the level of the best world achievements.

We should note that, starting with the electric power centrals for district heating of very small power, we have reached the situation where, in the case of the Bucharest-South Electric Power Central, we have more than 2,000 G cal/h installed and the attached transport and distribution system. Also, the assimilation and production in Romania of all the basic equipment, boilers, turbines, pumping installations and so forth have been achieved--equipment whose technical performances are continually improving. As a result, one may state that Romania currently has its own concept, an original one, with regard to producing systems for centralized heat supply through district heating, made specific in the solution of optimization problems, taking into account Romania's conditions, the traditional construction solutions and operating systems.

Thus, the set-ups for the electric power centrals for district heating correlated with the need for assuring flexibility in operation and, by this, assuring that systems for loading the equipment as close as possible to the best economical systems are obtained and maintained. Optimization of the heat transport systems have been achieved both from the viewpoint of the overall configuration with implications for reducing their own consumption of power and electric power for pumping as well as from the viewpoint of heat insulation, which currently assures reduced heat loss.

Improvement in the construction solutions have had and continue to have a special place with regard to eliminating scarce materials and energy-intensive ones as have periodically bringing up to date the operating systems to correspond with the rise in development of the systems and with the demands of the rational management of fuels and the introduction of installations for the automatic control for the thermal points and the consumers.

Along the line of deepening the aspects linked with achieving district heating systems, research programs have been undertaken which propose to bring out measures able to lead to more judicious utilization and to rational management of heat and electric power belonging to pumping which, as is known, involves large power consumption. So an analysis of the real conditions of the appearance of the peak of thermal load in the urban district heating systems has substantiated proposals to reduce nominal values by 12-17 percent for the heating load and 20 percent for the load belonging to preparation of hot water for consumption. Application of these proposals since 1970 has been carried out through important savings in investments evaluated at more than 100 million lei, availabilities of capacities installed in the electric power district heating centrals and networks higher than the value of 200 Gcal/hour through improvement in the indicators of operation of district heating systems and, on this basis, reduction in the consumption of electric power for pumping by about 5 percent. Research of the specific conditions in which it is necessary to supply the big vegetable-growing hothouses with heat has substantiated both the possibilities to reduce the investments belonging to the capacity to produce heat in the electric power district heating centrals as well as the specific ways of regulating heat delivery. Designs have been made for the automatic control of heat in the hothouses correlated with the needs of consumption demanded by the type of crop and its stage of development. The elements presented have permitted compilation of regulating diagrams specific to these consumers, the application of which, which began in 1972, has allowed about a 5-10 percent savings in heat.

Along with these results, research and analyses are currently being finalized which aim at reducing fuel consumption attached to the vegetable-growing hothouses through elimination of all the ways of heat loss, uniformization horizontally of the interior temperature field and maintenance of the value of the interior air temperature at the levels strictly necessary to the technological process, the introduction of double or multiple crops on the same area of land, correlation of the production and distribution plan with the demands for minimizing the call for power resources. In this context



we should mention the efforts to obtain varieties of crops and exploitation techniques adapted to a greater extent to the need to continue reducing the power consumption for heating the hothouses and the substantiation of some production plans based mainly on utilization of the areas of solariums, reduction in the use of heated areas and so forth.

Concerns for continuing to improve the general concept of the district heating systems and solutions which are applicable in practice bring out many possibilities which can be utilized in the future.

This refers to increasing the sphere of efficiency of district heating, by adapting high parameters for the thermal agent, creating equipment with high performance, involving smaller and smaller metal consumption with better response in operation (compact heat exchangers and adjustable hydroelevators with their own automatic operating design) and adopting improved diagrams for installations from the thermal points and from the consumers.

With a view to amplifying the specific effects in the direction of energy economy, it has been felt timely to work out some methods for adjusting the heat delivered through hot-water systems intended to eliminate heat waste by bringing closer together the parameters supplied with the real consumption demands introduced experimentally in district heating system operation in 1975. Application of the new adjustment instructions, completed and corrected through adaptation to the specific nature of each district heating system has allowed rationalization of the operating systems.

Another direction of the actions and concerns is the rise in the degree to which buildings are heat insulated through revision and adoption of better thicknesses. The criterion for optimization still does not fully correspond with the method for comparing the variations utilized in energetics, given the fact that equalizations of power and fuel have not been taken into consideration, which shows that in this area improvements with results of the greatest importance for rational utilization of primary power are possible.

Along with the actions previously mentioned, technically -economically efficient results and solutions also are to be included through making a deep study of new areas of research and through utilizing already known reserves. In mind are optimization of the hydraulic operating systems through achieving intermediate pumping installations in the networks and the introduction of step III pumping in the electric power centrals for district heating operating only during the peak periods, reducing the actual technological consumption in heat transport by bringing up to date the values of the optimum thickness of the thermal insulators, applying a complete method of comparative technical-economic calculation which takes into view the current economic circumstances in the area of assurance with fuels and electric power now and in the future.

#### Improved Operation--An Intensive Means of Saving Power Resources

In the area of operating the district heating systems, studies of the hydraulic and thermal condition in close and permanent correlation with the real consumption needs have accentuated in particular the optimization of

the equipment load together with assurance of operation as close as possible to the planned parameters. Thus, operating and framing diagrams for the heat production equipment were worked out for the Brazi and Isalnita centrals for the production of electric and thermal power, respectively, diagrams which correspond to obtaining reduced fuel consumption for each characteristic condition for furnishing heat to the consumers supplied. These diagrams establish the participation of each installation in covering the thermal load delivered, the technical parameters at characteristic points of the installation, circulation of the agent discharge and so forth; solutions and methods for improving heat production and transport were brought out; there was a move to generalization of the unified control of heat parameters delivered by application of a single methodology and on the basis of adjustment diagrams adapted annually to the requirements of the particular stage of the system's development. Within this action we mention that differentiated adjustment methods are being practiced depending on the nature of the consumers supplied and methods given the feature of the particular diagram are applied so that there is maximum utilization of the possibilities offered by the equipment operating during that particular stage; action has been taken with a view to eliminating the lack of hydraulic balance within the primary networks, actions which extend up to today in the area of secondary circuits, also.

The efforts made toward more judicious management of fuel and electric power in the district heating systems are reflected in large reductions in specific consumption. In this regard, illustrated as an important result is the fact that in the case of urban consumers a consumption was reached of about 12-14 Gcal/year while in the case of vegetable-growing hothouses, for example, the reduction is between 5-10 percent. Undoubtedly the levels of savings can be increased. In accordance with these guidelines, the estimate is for introduction of a unified system for planning, search and reference of the technological consumption attached with the transport and distribution of the heat produced in district heating; hydraulic balancing of all the secondary heat distribution circuits; extending the introduction of installations for automatic adjustment and metering of consumption at the thermal points; moving to the introduction of step III of heat adjustment at the consumers' level by putting into manufacture a large number of necessary equipment--preestablished control valves; the introduction of processing computers in the supervision and operation of big district heating systems, equipment with tasks in the area of maintaining the entire series of installations; strengthening the role of the equipment system units for the production, transport and utilization of heat in the district heating systems.

These elements capable of contributing directly to reducing power consumption in the district heating networks will lead to practical and long-lasting effects at the level of the national district heating system. Through application of the measures mentioned and through generalization of them, through investigation of other ways and means, the annual fuel economy in absolute values at the 1980 level for the electric power centrals for district heating attached to the ministry of Electric Power--with these savings being added to the 2.7 million tons of conventional fuel which are brought by the district heating system as such--is around 186,500 tons of conventional fuel per year distributed in the following directions: interrupting the supply

of domestic warm water during the night--30,100 tcc/year; noncontinuous supply for buildings which are not being used continually--23,200 tcc/year; hydraulic balancing of the district heating systems--21,400 tcc/year; the introduction of automation, measurement and control at the thermal points--74,200 tcc/year; the introduction of dispatching for heat delivery--15,600 tcc/year; the introduction of mixed adjustment in the district heating systems--22,000 tcc/year.

As can be determined, these measures for fuel and electric power economy in the district heating systems have as a cumulative effect the availability of a large quantity of fuel for the national economy. For that reason it is necessary to introduce or extend the abovementioned measures in the operation of equipment and installations for the system which produces, transports and consumes heat. Also, the complexity of the various technical equipment as well as the assembly as a whole, correlated with the problems of achieving the best operating conditions, requires the introduction of the management of operating the district heating systems through dispatch installations in the case of the big district heating systems, having in supply processing computers conceived in a simplified variety and strictly adapted to managing the thermal and hydraulic system or in a broadened variety capable of permanently improving the processes for the production, transport and utilization of power in the district heating systems.

8071

CSO: 2700

## DATA ON MONEY SUPPLY FOR FIRST EIGHT MONTHS

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 12 Sep 79 p 4

[Article by R. Vuksanovic]

[Text] In contrast to the moderate growth in the money supply, bank credits in the first 8 months increased by 15 percent, with long-term investment credits growing more rapidly than short-term credits for operating capital.

The tendency for a slowing in the growth of the money supply which characterized the trend of the first 6 months ended at the beginning of the 3rd quarter, for significant increases in the money supply were registered in July and August. In those 2 months the money supply increased by 26 billion dinars, or by 7 percent, whereas in the entire period of the first 6 months the growth totalled only 4.7 billion, or slightly more than 1 percent. The change in the trend was influenced to a certain extent by seasonal factors, because at the beginning of the 3rd quarter, after the periodic accounting procedures of organizations of associated labor, there regularly occurs an increase in the money supply. Among other things, this results from the slower flow of money, since in this period as a consequence of payments of legal and contractual obligations by organizations of associated labor, funds from the accounts of economic organizations are transferred to the appropriate accounts of agencies not engaged in economic activities. In the latter, funds move much more slowly than when they are involved in production and commercial transactions.

With the growth in July and August, the money supply reached a total of 360 billion dinars, which is 7 percent more than at the end of December and 17 percent more than at the end of August 1978. Taken as a whole, the total increase is still markedly less than planned, for the Resolution on Economic Policy for this year foresaw that the growth in the money supply could equal the nominal growth in the social product. Since the growth in the social product was to be 18 percent, and the actual increase has been significantly more than that, it is apparent that the growth in the money supply has been more moderate than anticipated.

This trend in money supply growth is a result of a favorable combination of independent fluctuations in creating money and of measures of monetary and

credit policy. The effects of independent trends are seen in the fact that bank credit growth, which has been significant, has not been reflected in a corresponding expansion of the money supply. That is largely a consequence of greater withdrawal of money through hard currency transactions and the shifting of money deposits into non-monetary forms.

Measures undertaken by the Yugoslav National Bank in the first 6 months also contributed to a successful braking of monetary expansion. The most important of those measures were the tightening of conditions for utilizing rights to issue primary negotiable paper and for selective credits (other than credits for exports and for agriculture), and limitations on the growth of all bank credit to 19 percent, based on the status at the end of 1978. Both of these measures will remain in effect until the end of the year and, with conscientious application, they will prevent uncontrolled credit expansion, which will in turn contribute further to the strengthening of the process of stabilization.

The money structure according to use categories shows that this year the share of organizations of associated labor in economic branches has again begun to decline, while the share of sociopolitical communities, independent interest communities, and other non-economic users has started to increase. The decline in the share of economic branch users is a result of a change in the situation concerning liquidity of organizations of associated labor, which is slightly less than in the preceding year. In addition to that, the current share of the economic branches in the money supply is satisfactory, since it assures that internal payments will be carried out within the contracted time periods.

In contrast to the moderate growth in the money supply, bank credits in the first 8 months grew by 15 percent, with long-term investment credits growing more than short-term operating capital loans. These credit trends were made possible by the strengthening of the credit potential of banks, which was subsidized in part, and by the use of primary minting of money, selective credit practices, and the removal of restrictions on required reserves at the Yugoslav National Bank.



The Money Supply By User Categories (in billions of dinars)

	Status of	Changes			Indices	
	31 Jul 79	I-VII 1978	I-VII 1979	VII 78 XII 77	VII 79 VII 78	VII 79 VII 78
Organizations of associated labor in the economy	134.2	9.4	-6.0	108	96	104
The Federation	8.7	2.2	2.3	155	136	142
Sociopolitical communities	30.5	9.7	3.4	160	113	117
Social (public) funds	5.4	0.9	1.5	126	137	123
Other non-economic organiza- tions	62.3	4.3	6.0	109	111	122
The Populace	91.0	12.2	10.1	120	112	124
Foreign deposits	0.8	0.0	0.3	100	146	146
Funds in the payment process	14.6	5.8	0.5	106	104	124
The Money Supply, Total	347.5	44.5	18.1	117	105	115

12131

CSO: 2800

END

**END OF**

**FICHE**

**DATE FILMED**

24 Oct '79  
MAK